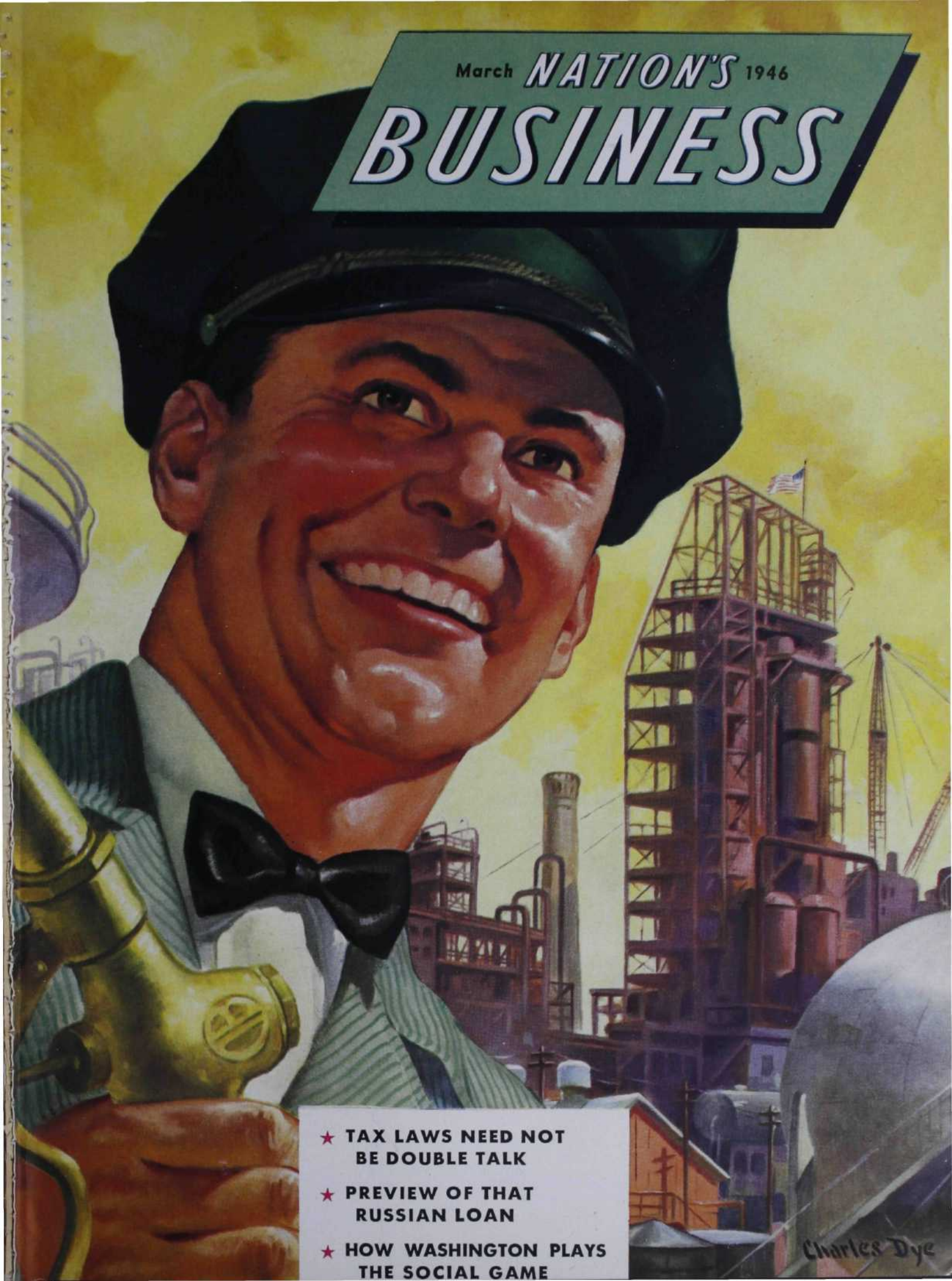


March *NATION'S* 1946

BUSINESS



- ★ TAX LAWS NEED NOT BE DOUBLE TALK
- ★ PREVIEW OF THAT RUSSIAN LOAN
- ★ HOW WASHINGTON PLAYS THE SOCIAL GAME

Charles Dye



Where Business Heroes are made...

The Southwest offers you an opportunity to become a business hero! For as you take the initiative in investigating and advocating the attractive profit possibilities of a plant or branch in this rapidly expanding area, you are sure to win the admiration of your firm.

The Southwest's pioneer railroad, the KATY, is ready to assist you in your investigation of this strategic corridor... ready to submit essential data on its vast and varied resources... ready to furnish helpful information on its abundant reserves of raw materials, minerals, water, power, fuel. For here is a land offering every opportunity for commercial expansion... a bustling land where markets,

materials and manpower meet... peopled by wholesome, vigorous Americans who are able, progressive, ambitious, and sympathetic partners to industrial development.

Because the Katy is a compact, closely-knit, Class 1 Railroad, devoted exclusively to the service and development of its Southwestern corridor, it is in a unique position to recommend appropriate plant sites, and to furnish other timely data on this highly-favored region, quickly and in confidence.

Write Industrial Development Department, Missouri-Kansas-Texas Lines, St. Louis 1, Mo., or Katy Building, Dallas 2, Texas.

What the "Show Me" State Can Show You...

Larger in area than any state east of the Mississippi, Missouri offers industry its vast reserves of talented native labor, low-cost hydro-electric power, abundant coal and all the minerals and agricultural products with which the state abounds, plus ready access to the huge St. Louis and Kansas City trade areas and to U. S. and world markets through the Katy's St. Louis and Kansas City gateways and Gulf outlets.

For a "show down" of the "Show Me" State, send for free booklet "The Industrial Southwest," packed with interesting data on population, housing, climate, native resources and industrial opportunities in Missouri and other Katy-served trading areas which offer outstanding opportunities for peacetime industrial prosperity.



When you Travel or Ship Southwest, remember Katy

MISSOURI-KANSAS-TEXAS RAILROAD SYSTEM

More miles with
B.F. Goodrich
FIRST IN RUBBER



New tube holds air many times longer

THE best prewar inner tubes always lost air. Even with a perfect valve, pressure dropped. Air somehow escaped whether the vehicle was used or stayed parked in the garage. Scientists explain this loss of air pressure by saying that the molecules of oxygen and nitrogen in the air actually pass slowly through rubber. (In fact, the oxygen escapes through ordinary rubber 3 times as fast as nitrogen.) That's one reason why we are told to check the air pressure every week.

Now B. F. Goodrich is making a new kind of tube—for trucks, cars, and farm equipment. This tube is

made of a synthetic rubber that holds air many times better than natural rubber! It is less likely to split, if punctured, than prewar tubes. Less likely to be seriously damaged if punctured. It has greater resistance to chafing than tubes made of other synthetics. And repairing is simple.

Checking air pressure in this tube will be mainly insurance against a leaking valve. You won't have to add air as often as you do now.

With the correct air pressure maintained uniformly in your tubes, you get far greater mileage from your tires, lessen the chances of bruises and breaks.

Research work goes on constantly at B. F. Goodrich. Research has improved tires and tubes for trucks, cars, airplanes, farm tractors and implements, and all types of industrial equipment.

The new tube is now on sale at B. F. Goodrich dealers everywhere. *The B. F. Goodrich Company, Akron, Ohio.*

Tires and Tubes
BY
B.F. Goodrich

"X" MARKS THE SPOT!

Industrial Building U. S. Firms Plan Biggest Peacetime Program of Construction in History

Some to Build Nearer Major
Markets; Others Will Move
To Better Labor Sources

Layouts Will Be Streamlined

By JOSEPH M. GUILFOYLE
American industry is preparing to spend
hundreds of millions of dollars on the biggest
peacetime plant construction program in his-
tory.

"Never in my 35 years experience in the
business have I seen so much work in pros-
pected an official of a leading com-
pany. Here, it is a matter of time, it is a matter of time, it is a matter of time."

THE MONEY INVESTED in constructing or remodeling a factory or warehouse will bring a greater return when those spots marked "X", the shipping and receiving docks, are properly located and designed. Only in this way can full advantage be taken of the services that Trucks and Trailers are capable of delivering today.

As Mr. Guilfoyle states in Wall Street Journal: "Industrial engineers today tailor-make new factories to meet the special needs of the individual plant. The manufacturer's production process and layout are studied, then the building is designed to fit. This reverses the old-time

**YOUR TRAFFIC MANAGER, PURCHASING AGENT, SALES
MANAGER, TREASURER AND MANY OTHER DEPARTMENT
HEADS ARE INTERESTED IN WHAT GOES ON AT "X"—
IT'S THE SHIPPING AND RECEIVING DOCK!**

procedure when production layouts were made to fit existing building facilities."

Traffic Manager Knows

On the committee which plans your new building and new facilities, your Traffic Manager should have a prominent voice. He knows the importance of designing transportation directly into the business.

Today's conception of a delivery program for a manufacturing plant, for example, includes the elimination of costly stockpiles. In many typical straight-line production plants, parts and materials are carried over the highway by Trucks and Trailers and delivered directly to the conveyor lines, close to the points at which they are required in manufacturing and assembly processes.

Receiving and shipping docks are spotted—often inbuilt—so that internal hauling and con-

gestion are eliminated. Platforms are at the proper height, so that lifting and lowering to and from vehicles are minimized. Manual handling is supplanted by mechanical devices. Vehicles need not wait.

Frequently the employment of a shuttle system, by means of which one Truck handles three or more Trailers, saves time and expense.

Don't Overlook that Spot Marked "X"

Rarely does a business have the opportunity of redesigning its facilities to efficiently meet its current and future requirements. This opportunity is here today, as is clearly illustrated by Mr. Guilfoyle when he states, "From here, it looks like 1946 will break the previous record (for construction) of more than six hundred million dollars in 1920".

In your planning don't overlook that spot marked "X"!

WORLD'S LARGEST BUILDERS OF TRUCK-TRAILERS

FRUEHAUF TRAILER COMPANY

SERVICE IN PRINCIPAL CITIES

DETROIT 32

Tractors to plow and harvest...trucks to rush produce to canneries and markets, to transport foods of all kinds to warehouses and stores, to deliver them to homes...it takes a tremendous amount of gasoline power to keep the nation's market basket filled.



America's market basket is gasoline-powered

► There's hardly a branch of America's great food industry—or of any other, for that matter—that doesn't depend on gasoline power somewhere along the line. And it stands to reason that when engines for trucks, cars and tractors are made more powerful and efficient everybody will benefit.

The product we make—Ethyl brand of antiknock fluid—helps petroleum refiners produce higher antiknock gasoline. In turn, better gasoline allows automotive engineers to design more efficient engines, which provide better transportation at lower cost.

Because better engines, better fuels and better lubricants are developed largely in relation to one another, the Ethyl Corporation has always worked closely both with automotive and with petroleum

companies. It is our plan to broaden even further the research and service facilities we offer—to make every contribution we can to the big, overall job of giving better, more economical transportation to everyone. Ethyl Corporation, Chrysler Building, New York 17, N. Y.

More power from every gallon
of gasoline through

ETHYL



Research • Service • Products

ON FEBRUARY 4, 1946...The

GEORGE S. MAY COMPANY

STARTED ITS

13,000th

BUSINESS ENGINEERING

JOB!

YOU'VE GOT TO
SPEND MONEY TO
MAKE MONEY

GEORGE S. MAY COMPANY

The World's Finest Business Engineering

840 N. Michigan Avenue
Chicago 11

122 E. 42nd St.
New York 17

235 Montgomery Street
San Francisco 4

660 St. Catherine Street, West
Montreal, Quebec, Canada

OFFICES IN OTHER PRINCIPAL CITIES



PUBLISHED BY

CHAMBER OF COMMERCE OF THE UNITED STATES

VOL. 34

MARCH, 1946

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BRANCH OFFICES—420 Lexington Ave., New York 17; 38 So. Dearborn St., Chicago 3; 333 Pine Street, San Francisco 4; 1101 Commerce St., Dallas 2; Hanna Building, Cleveland 15.

As the official magazine of the Chamber of Commerce of the United States this publication carries notices and articles in regard to the Chamber's activities; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

Nation's Business is published on the 30th of each month by the Chamber of Commerce of the U. S. at 1615 H St., N. W., Washington 6, D. C. Subscription price \$12 for 3 years. Entered as second-class matter March 20, 1920, at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the act of March 3, 1879. Printed in U. S. A.



HIGH-SPEED production methods; new processes highly sensitive to dust; and, universal appreciation of the hygienic effect of "good housekeeping" in maintaining efficiency of both men and machines, has made scientific dust control analysis essential to production planning.

AAF's engineering staff, working hand-in-hand with our research laboratory, is ready to help you in setting up your dust control system. There is no obligation involved in working with us on your dust control plans.

Bulletins describing the application of AAF equipment to both process and atmospheric dust problems are available on request.

Write For This FREE Book



If you have a dust problem, write us for a copy of "AAF In Industry" which describes our complete line of air filtration and dust control equipment for industry.

AMERICAN AIR FILTER CO., INC.
 INCORPORATED

109 Central Avenue, Louisville 8, Ky.
 In Canada: Darling Bros., Ltd., Montreal, P. Q.



ENGINEERED DUST CONTROL



Ring Around Bossy!

The ring you see around Bossy is a ring of protection guarding her milk from the moment it is received until it reaches your doorstep... sweet, farm-fresh, and cold!

Borden, Sheffield and many another of America's famed milk producers have called on "Headquarters for Mechanical Cooling" not only for dependable equipment—but also for the specialized engineering knowledge and intimate understanding of the dairy industry which is uniquely York's.

For instance, a York contribution which has materially helped the milk business reach its present peak efficiency is High-Temperature Short-Time

Pasteurization. This process is the result of intensive study, research, and experimentation extending over a period of many years.

Throughout the nation this York equipment is processing the huge total of 9,772,540 quarts of milk per day!

Not only in the dairy industry but also in the field of fast freezing and in the storage and wider distribution of refrigerated foods, York is supplying the engineering and manufacturing skill necessary to make us a healthier, better-fed nation.

York Corporation, York, Pennsylvania.

YORK *Refrigeration and Air Conditioning*

HEADQUARTERS FOR MECHANICAL COOLING SINCE 1885





Great things



are happening



on the



Sensational new freight schedules cut shipping time up to 24 hours! These plus time-saving loading innovations, plus 600 new freight cars of revolutionary design, are making Frisco Faster Freight faster than ever before! For the finest in freight service and passenger travel—look to Frisco!

**IT'S A
GREAT RAILROAD**

NB



War month brings peace goods

MARCH has several meanings besides being the name for a month. One of them is "boundary" and another is, of course, military progression by which a tired doughboy gets from one place that doesn't interest him much to another that interests him less.

This marching idea, however, is what may be applied here to the month because industry expects its shipments to march along in these 31 days. Lots of things missing through the war will begin to appear on retail shelves.

It is the month of Mars, Roman God of War, but the gifts of peace will begin to flow.

No more ostriches

PRESENTED with a gold medal at the Waldorf-Astoria last month as advertising's "Man of the Year," James W. Young of the J. Walter Thompson Company, and a founder and present chairman of the Advertising Council, once put this thought before his brethren in the Association of National Advertisers:

"If we ever had the delusion that we could again be business ostriches, we should now lose it. If we ever believed that we could bury our heads in sales problems and never take them out to see which way the world was moving, that hope should vanish. Today, the very fundamentals are at stake, and we do business within the framework of these fundamentals. What happens to them will, in the long run, be decided by public opinion.

"It is pointless to think only about stocking the kitchen shelves when the house next door is on fire. Certainly, we have got to sell. Certainly, we have got to move goods at the lowest possible cost. Certainly, we have got to make jobs.

"But we cannot do these things to the complete exclusion of our social responsibilities. We cannot forget we are citizens of America, and of a shrinking and troubled world. We cannot forget that customers are people."

The Advertising Council, now minus the prefix "War," hopes to do something about the rising menace of accidents which in Mr. Young's words, "already make our war casualties look like small potatoes, and which are expected to reach a peak in 1946." Housing, savings bonds, relief clothing collection, the

Red Cross and other proved causes are on the list of public service projects which the Council will handle.

"Some accident today?"

SELLING insurance over the counter just like groceries or other merchandise has worked so successfully for the Liberty Mutual Insurance Co., of Boston, that three ground-floor stores were opened in the first year of the experiment and four other communities will have them shortly.

The test was started in Hempstead, Long Island, where the company office was moved to a ground floor location. Policy sales jumped 55 per cent for a premium gain of 90 per cent.

Small wonder this because traffic is 25 times greater than it was on the sixth floor.

Advertising agencies call this "sales exposure" and contend that some other lines might put aside their traditional dignity and try the same medicine.

Back to selling

RETAIL stores soon will shift back to full speed selling. For the past four years to have goods was to sell them. The process was almost as automatic as in the days when the opening of new frontiers and creation of new wealth meant ever-expanding demand and a production which could scarcely keep pace.

The shift to selling will emphasize again the dual role of the store buyer, who must be salesman as well as buyer. The old maxim, "Well bought is half sold," still holds good, merchandisers say, if the buyer pays strict attention to the wants of his customers—in short if he is a good salesman.

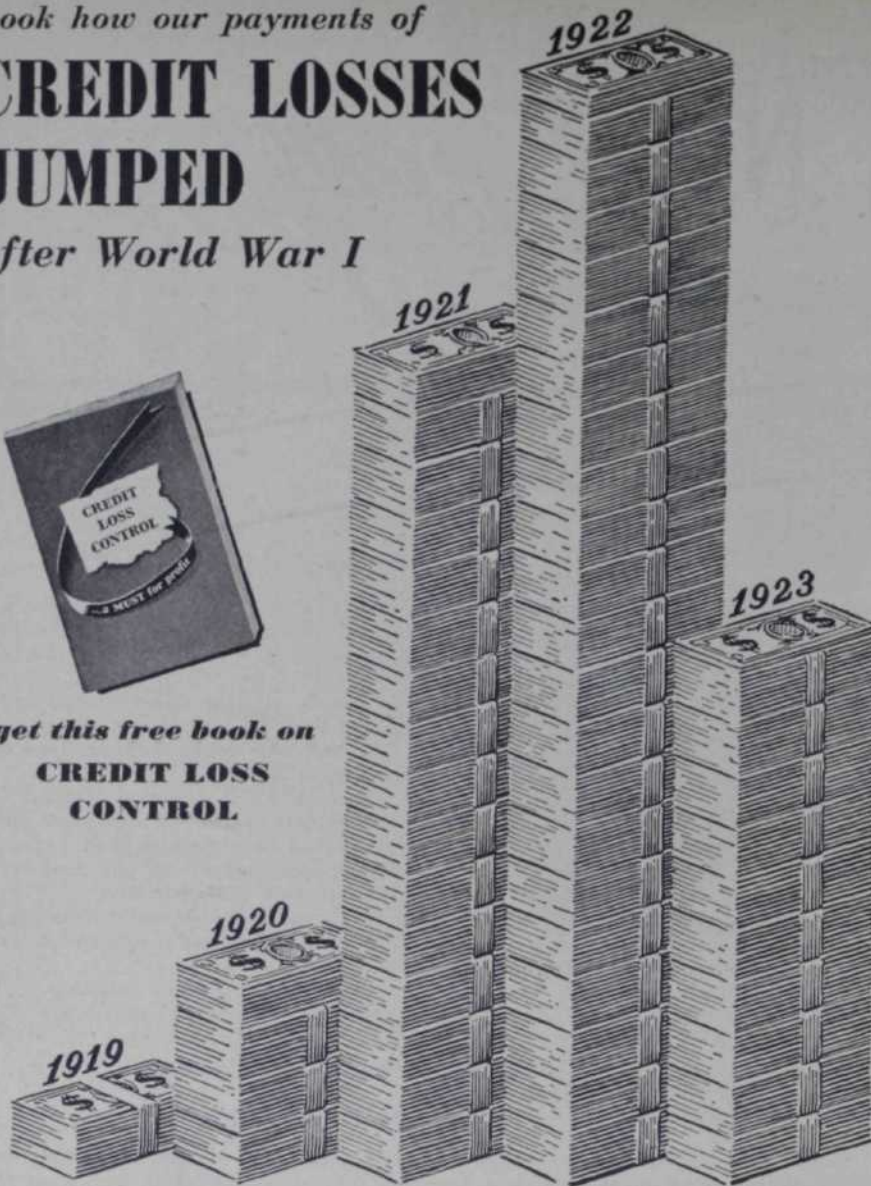
When "well bought" means a buying scoop, the possibilities have become more limited in the modern marketplace due to stabilized labor conditions, the expansion of buying facilities, rapid communication and other developments which cramp the style of the old-time buying ace.

As he becomes a salesman again, the buyer in the big retail establishment handles no simple assignment. He directs the selling of the merchandise he has bought, of course, but the new technique also requires him to sell his merchandising ideas to the management. Furthermore he must sell his store to its

Look how our payments of
CREDIT LOSSES
JUMPED
 after World War I



get this free book on
CREDIT LOSS
CONTROL



FAILURES MULTIPLIED after World War I. As one result . . . in just three years . . . credit losses paid by American Credit Insurance jumped to more than 20 times the 1919 figure.

WILL HISTORY REPEAT? No one knows. That's why manufacturers and wholesalers in over 150 lines of business carry American Credit Insurance . . . which **GUARANTEES PAYMENT** of accounts receivable for goods shipped . . . pays you when your customers can't.

"CREDIT LOSS CONTROL" . . . a timely new book for executives . . . may mean the difference between profit and loss for your business in the months and years of uncertainty that lie ahead. For a free copy address: American Credit Indemnity Company of New York, Dept. 41, Baltimore 2, Maryland.



J. A. W. Fadden
 PRESIDENT

American
Credit Insurance
pays you when
your customers can't

OFFICES IN PRINCIPAL CITIES OF THE UNITED STATES AND CANADA

avored resources, his most desirable sources of supply.

This last-named type of selling was a war development which will be carried along postwar. Within the past month or two several large retail organizations have staged dinners for the representatives of their principal supply sources "to sell their sellers" upon their desirability as customers.

Smaller concerns cannot go in for such elaborate affairs but it has been suggested that the owners might visit their resources more frequently and thus move out of the position of "unknowns" who, like the little boy in the big family, never knew the chicken had anything but a neck.

Tie of fate

A BOW TIE dyed with the aniline mauveine first produced by Sir William Henry Perkin made its fortieth appearance at a recent ceremony. Dr. Marston T. Bogert, emeritus professor of chemistry, Columbia University, wore it in presenting the Perkin Medal for outstanding achievement in the field of industrial research to Dr. Francis C. Frary, director of research of the Aluminum Company of America.

Mauveine, discovered by the 18-year-old British student, led to the foundation of the coal tar industry, which became the keystone of German industrial might. Great Britain failed to capitalize upon the discovery of her distinguished scientist. And how she must wish that she knew in 1856 what the color in that bow tie would mean!

Rhythmic behavior

EFFORTS to stabilize prosperity through leveling the peaks of boom and the valleys of bust may get places now that some of the best business and professorial brains of the country are turned to the task—but not if Dame Nature's rhythmic behavior prevails.

Interest in the subject led Edward R. Dewey, Director of the Foundation for the Study of Cycles, to reissue a brochure on "Putting Cycles to Work in Science and Industry," which was first circulated in 1941. Starting with a chart of what the Hudson's Bay Company found out about the rise and fall in the catch of lynx over a 60 year period, Mr. Dewey ranges through tent caterpillars, salmon, pig iron, common stock prices, real estate and building activity, deaths from pneumonia and influenza, wholesale prices, sun spots, etc. He even reproduces a graph which depicts fluctuations in the emotional states of four individual male workers to prove there are steady ups and downs.

Firm in his belief that Rhythmic Behavior is not likely to miss any beats in spite of what the economic experts contrive, Mr. Dewey, after writing (in May, 1941) that 1944 and 1945 are the years "in which no new vice presidents should be created," added:

"No plant at all should be scrapped between now and 1946 but after 1946 has come and gone and the downturn has definitely established itself, the company should consider scrapping surplus plant and equipment that will not justify

carrying charges for the 18 years or so that will probably ensue before it will again be needed. The effect of the last war on normal behavior can be determined, and the knowledge thus obtained applied to the present situation."

Dollar Pie

IF MEMORY serves, the first user of the "dollar pie" which was sliced pictorially to show where every penny of the sales dollar went was the meat packing industry. This graphic presentation became almost as famous as the industry's demonstrated ability to use everything as product or by-product except the "pig's squeal."

The "dollar pie" in the 1945 year book of Swift & Company shows earnings at 0.9 cents of the sales dollar—the lowest (except for the deficit years of 1938, 1932 and 1921) since 1920, when they were 0.5 cents.

This doesn't mean that total earnings were falling behind peacetime income. They were not because sales last year were almost 70 per cent above their 1940 level. However, in 1943, the top year, earnings were only \$17,431,372 on sales of \$1,490,000,000. In 1917, earnings were \$34,650,000 on sales of only \$875,000,000. The "dollar pie" that year sliced off four cents for every dollar of sales, which appears to offer a fair gauge of the rise of social responsibility on the part of a big company between the two wars.

Import Angles

A BUYER who went to India in 1939 was away 90 days and spent half that time on board a steamer, Charles Roditi, head of a New York importing house, recently told a group of store merchandise managers. The new air schedule runs something like this: New York to London or Paris, 17 hours; New York to Bombay, 42 hours; New York to Stockholm, 19 hours; New York to Prague, 26 hours; and New York to Shanghai, 37 hours.

Buyers in the past had to match the advantages of a successful trip against the debit of long absence from their departments. Absentee operation might wipe out profits on good purchases. Air travel changes this just as air transportation will bring in merchandise faster from out-of-the-way places.

There will be at least 100 buying markets when the world gets straightened out, Mr. Roditi asserted, for which a good import store must maintain at least 30 buying offices against the six to ten of prewar.

As for prices, those of 1939 must be forgotten. The rug weaver of Persia who got \$5 a day driving a truck for the U. S. Quartermaster Department will never be content to go back to his former job at ten to 25 cents a day.

Found "No Miracles"

AT LAST REPORT the Office of the Publication Board, U. S. Department of Commerce, had available some 1,400 reports on scientific and industrial information garnered in Germany and German-occupied countries. Materials,

RUST PREVENTION

\$100,000 Worth of Hand Tools saved from "RUST"

"Some time ago, we were called in by a prominent manufacturer*.

Lubrication Engineer's Report

Corrosion of all metal parts in his entire plant had gone out of control. The machine shop and hand tools, valued in excess of \$100,000, were a sorry looking "dusty-brown." Everything they had used in the way of rust preventives heretofore had failed.

After studying their problem we recommended our General Purpose Anti-Corrode No. 100 and suggested that they give it exhaustive tests. Their chemist did so and we are happy to report that it solved their problem:

They have since used over 150 gallons of this Anti-Corrode on everything metal in their plant, including small hand tools such as pliers and screw drivers."



Anti-Corrode No. 100 is one of several new types of Cities Service protective coatings for metals. Designed to prevent corrosion of raw stocks, finished parts and completed ma-

chines, it adheres firmly, displaces moisture and protects longer than similar materials now on the market.

Easy To Apply

Apply Anti-Corrode by ordinary work-shop methods. Spray, dip, brush or roll it on. The protective film is continuous and non-porous—does not break at sharp edges nor rupture on flat surfaces. It need not be



removed from metal to be stamped, drawn or otherwise formed:

Cities Service will demonstrate the many advantages of Anti-Corrode to you in your own plant. Contact the branch office nearest you or write Cities Service Oil Co., 60 Wall Tower, New York 5, N. Y.

*Name on Request



FOR EVERY "RUST" PROBLEM

CALL **Cities Service** **FIRST!**



"FOR LASTING RECORDS,"

says **KING COTTON,**

**"SPECIFY PARSONS
COTTON FIBER PAPER"**



Wherever records on cards or sheets take a beating from use by hand or machine, you'll find cotton fiber paper. But even for records that are consulted or posted infrequently, it pays to use firm, strong, *permanent* cotton fiber paper. For only with cotton fiber paper can you be sure your

records will last as long as they should.

Parsons ledger papers and index bristols are made in matched sets and colors for easy handling and reference.

So for record papers or cards that will do a better job because they're better made, remember, *it pays to pick Parsons.*



PARSONS PAPER COMPANY • HOLYOKE, MASSACHUSETTS

manufacturing processes, products, developmental work and other scientific and technical matters of interest to American industry are discussed in these reports, which are available to the public at varying prices for the data.

American manufacturers and their technical aids may obtain valuable information from some of these reports, and decide from others that the Germans fooled the world into believing that their industrialists were "miracle men."

Two investigators, Roy Harmon Smith, president of the Lamson and Sessions Co., and Charles F. Newpher, vice president of the National Screw and Manufacturing Co., for instance, came back from a survey of the German "fasteners" industry and bluntly stated in a report published by the American Institute of Bolt, Nut and Rivet Manufacturers that the industry presented a "sorry picture with no vestige of high production methods in vogue in the United States and few places comparable with England."

Aid for beginners

VETERANS, war workers and the many others who are planning to set up in business for themselves will not lack for expert counsel. Practical "how to do it" booklets are streaming from federal, state and community sources as well as from trade organizations.

The New York State Department of Commerce recently issued "Financial Services for Small Business" and "Record Keeping for a Small Business." A survey made on the first booklet, "Starting Your Own Small Business in N. Y. State," showed that 27 per cent of the requests came from former soldiers and 13 per cent from men and women still in the service.

The booklet on record keeping explains the importance of keeping business records, how to analyze and understand the records and how to act on the basis of what the records show. Credit executives who know too well the terrific toll ignorance takes in these matters would like to see not only the newcomers in business absorb this knowledge but believe that many old-timers might profit as well.

Straw boss fodder

NOT SATISFIED merely with getting up its annual report in simple text and illustrations which the ordinary layman can understand, a large silk manufacturing company decided that its foremen ought to have the details at first hand. So the company now has a lecture program for them with plenty of time given to the question and answer period.

Thus, there is a man on the job who is prepared to answer a worker's argument or to enlighten him on some financial angle of the report. The comment of an outsider was that the company "knocks off two birds with the one stone" because, in answering company questions, the foreman becomes more of a company man even as the worker learns more about the why and the wherefore of what shows up in his pay envelope.



HOW ANOTHER SMALL BUSINESS TOOK ROOT IN ALUMINUM

The BOOM

That Launched a Beer Barrel

Remember what everyone said? War production experience would be invaluable in peacetime. But how has it worked . . . especially for "small business"?

Here's how it's working in Beatrice, Nebraska . . .

When the Navy's big guns were booming, they needed aluminum tanks for powder storage and handling. Beatrice Steel Tank Company wasn't a "big business", and they had never made a thing of aluminum. But they undertook making these aluminum tanks and set about learning how to do it.

That led to Alcoa. We took their executives right into an Alcoa plant where similar tanks were being made. They watched . . . questioned . . . noted how aluminum was formed and joined. Then they went back and set up their own line, freely calling on the know-how of Alcoa engineers to help get it rolling.

From that line rolled eight million pounds of aluminum, in the form of powder tanks. But how could all those tons of aluminum experience be used after the war?

Beatrice Steel Tank's first answer is an aluminum beer barrel. Under its patents, Alcoa licensed Beatrice to make a beer barrel similar to the one Alcoa had made by the thousands before the war and is making again. It's light, clean, friendly to beer — a successful aluminum peacetime product.

Stories like this are many among small businesses that were introduced to aluminum during the war and were helped by Alcoa to get their production going. You don't need aluminum experience to develop any practical idea you may have for an aluminum product. Alcoa stands ready to help you with the largest fund of aluminum experience in the world. Use it. ALUMINUM COMPANY OF AMERICA, 2125 Gulf Building, Pittsburgh 19, Pennsylvania.



ALCOA FIRST IN ALUMINUM





JOHN SCOTT MEDAL
CITY OF PHILADELPHIA



FREDERIC IVES MEDAL
OPTICAL SOCIETY OF AMERICA



MEDAL OF THE
ROYAL PHOTOGRAPHIC SOCIETY, GREAT BRITAIN



THOMAS ALVA EDISON MEDAL
AMERICAN INSTITUTE OF
ELECTRICAL ENGINEERS



EDWARD LONGSTRETH MEDAL
FRANKLIN INSTITUTE



PROGRESS MEDAL
SOCIETY OF MOTION PICTURE ENGINEERS



FARADAY MEDAL
INSTITUTE OF ELECTRICAL ENGINEERS



WILLARD GIBBS MEDAL
CHICAGO SECTION OF
AMERICAN CHEMICAL SOCIETY



ELLIOTT CRESSON MEDAL
FRANKLIN INSTITUTE



HENRY MARION HOWE MEDAL
AMERICAN SOCIETY FOR METALS



CHARLES B. DUDLEY MEDAL
AMERICAN SOCIETY FOR TESTING MATERIALS



FRANKLIN GOLD MEDAL
FRANKLIN INSTITUTE



DAVID EDWARD HUGHES MEDAL
ROYAL SOCIETY, LONDON



GOLD MEDAL
AMERICAN INSTITUTE OF CITY OF NEW YORK



JOHN PRICE WETHERILL MEDAL
FRANKLIN INSTITUTE



JOHN FRITZ MEDAL
FOUR NATIONAL
SCIENTIFIC SOCIETIES

Medals AND Milestones

More than 50 awards from learned and professional societies have been presented to staff members of Bell Telephone Laboratories for their scientific discoveries and inventions.

Awards include the Nobel Prize in Physics, the Hughes Medal of the Royal Society, London, the Willard Gibbs Medal, the Franklin Gold Medal, and the John Scott Medal.

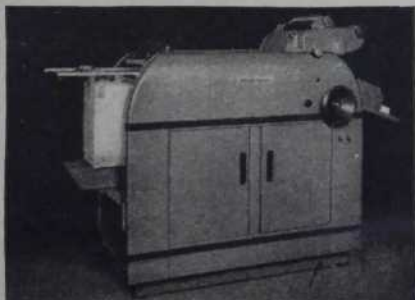
Bell Laboratories scientists and their associates explore every scientific field which offers hope of bettering communications. That is why Bell System research is so important to the future of sound and television broadcasting, as well as to the ever-improving standards of telephone service.

BELL TELEPHONE SYSTEM



You never scrap BLANK PAPER!

MILLIONS of dollars every year are lost through scrapping of business forms because of obsolescence. A checkup—when management takes time to make it—invariably turns up stacks of obsolete forms of varied sizes and description. Perhaps, they can be salvaged for scratch pads—costly scratch pads indeed! More often they go to the scrap pile.



The new MULTIGRAPH Model 250 transforms blank paper into business forms with utmost speed, economy and flexibility.

One big airline company recently set up a Methods Engineering Department. It discovered thousands of dollars tied up in forms for systems which had grown like Topsy. An appalling number of these forms were worthless. Many had become obsolete almost as soon as they had been produced.

Now business has a way to protect itself against such waste of materials and time. Blank paper, always valuable because it never becomes obsolete, replaces stocks of printed forms.

With the new Multigraph machines, blank paper is quickly converted into the many varied forms you need in quantities most economical for you. Over-runs are avoided. New, experi-

mental forms can be run in *limited* quantities for trial! Changes can be made immediately—forms kept up to the minute.

A new Multigraph duplicating process also transforms blank paper into finished business records with the form itself, together with all the written information needed to complete it—produced in one simultaneous operation.

Learn how new Multigraph methods can profit you—by economies in production of forms and eliminating obsolescence and in making systems-work simpler, easier, faster, more accurate. Phone our local office or write Methods Department Addressograph-Multigraph, Cleveland 17, Ohio.

Multigraph

TRADE-MARK REG. U.S. PAT. OFF.

SIMPLIFIED BUSINESS METHODS

Multilith, Systemat and Multigraph are Registered Trade Marks of Addressograph-Multigraph Corporation.

\$64 QUESTION BRINGS A Billion Dollar Answer

Coming out of the war—in which they were called upon to carry more than 90 per cent of the military transportation load—the railroads are being asked this question:

"What are you going to do about peacetime equipment and services?"

And here's the answer for 1946:

A billion dollars' worth of new passenger and freight cars, new locomotives, new and heavier steel rail, new operating facilities, new equipment, materials and supplies of all sorts.

This means new ideas in cars—whole new trains—providing the utmost in safety, comfort, and luxury. New motive power. Better tracks and roadbeds. New standards of dependable, all-season freight service.

For the future, the answer is to be found in a continuation of railroad research for better transportation service, carried on more actively and on a broader front than ever before.

And all of it—not just the cars and engines, but the roadbeds upon which

they run and the fixed facilities they use—is paid for with railroad money—no government subsidy—no federal, state, or municipal aid—no money from the taxpayers. Yes, the railroads pay their own way.

Operating on this self-supporting business basis, the railroads provide America with the greater part of the transportation upon which its future prosperity depends—at a cost averaging well below that of any comparable service anywhere in the world.

AMERICAN RAILROADS



IN PARTNERSHIP WITH ALL AMERICA

CHRYSLER AIRTEMP



**Simplified
Cooling for
Business**

Air Conditioning in a "Package"

All wrapped up in a "package", this modern, simplified form of air conditioning, pioneered by Chrysler Airtemp, has made friends all over America. Customers enjoy the refreshing comfort of cool, clean, gently circulated air.

Users of "Packaged" Air Conditioners appreciate their compactness—the fact that they are easily installed singly or in multiple, and occupy a minimum of space. They also like the way these rugged "Packaged" Air Conditioners supply trouble-free and economical air condi-

tioning day in and day out. Service costs, as shown by the records, are amazingly low.

Another advantage is that a "Packaged" Air Conditioner can be converted for all-year air conditioning simply by adding a heating coil. It can be connected to the existing steam or hot water supply, or to a Chrysler Airtemp automatically-fired boiler.

FOR YOUR HOME, TOO

There's also a Chrysler Airtemp for your home—a year 'round heating and cooling system. It's a combination of a forced warm air furnace and a "Packaged" Air Conditioner.

It will pay anyone who is planning to install air conditioning to investigate Chrysler Airtemp. Airtemp Division of Chrysler Corporation. • Dayton 1, Ohio.

"REMEMBER THURSDAY NIGHT! The music of Andre Kostelanetz and the musical world's most popular stars—Thursday, CBS, 9:00 P.M., E.S.T."

A I R C O N D I T I O N I N G
H E A T I N G • C O O L I N G • R E F R I G E R A T I O N



Look again—you are in this picture

ANOTHER REASON FOR GOODYEAR LEADERSHIP

You can't actually see yourself but you're very much in this picture... for here is a scene in the Goodyear Research Laboratory where scientists work toward one goal—to develop new, better products for you.

Do you profit from this research? Consider the tires on your car. Goodyear Research has had a lot to do with the fact that your tires today cost less than half as much as they did some 35 years ago—and yet give 10 times as much service.

Goodyear Research does not end with tires. It works in many other

important fields—metals, textiles, chemicals, plastics—to develop products that meet your new needs, to bring greater comfort and convenience to your every-day living.

Pliofilm—to package and protect your food. Airfoam—to give you unequalled cushioning comfort. Longer wearing soles and heels for your shoes, new coverings for your walls and floors, a wide variety of molded rubber goods and a whole host of other products—all the way from hose for your garden to giant, miles-long conveyor belts!

A pioneer in rubber and the world's largest builder of tires, Goodyear is also an experienced worker in many other fields—aircraft, fabrics, chemicals, plastics, electronics... constantly developing new skills to serve you better.



THE GREATEST NAME IN RUBBER

MANAGEMENT'S

Washington LETTER

A last minute roundup by a staff of Washington observers of government and business

► **WATCH YOUR COSTS** carefully during the next 60 days, warn industrial accountants who helped develop the new wage-price formula.

Translating the revised "stabilization line" into finished products is expected to call for perhaps 10,000 ceiling changes in iron and steel consumer industries alone.

Figures submitted by one auto maker show his most popular model cost \$512 at the end of the assembly line in 1941, \$681 in 1942, and \$962 in November, '45.

This cost increase of 87 per cent over '41 includes no sales and distribution expenses. The same model required 87 man-hours of labor in '41 and 128 hours in November, '45.

You will need actual figures, not estimates, if you take your case to OPA.

► **RECONVERSION** is just about half accomplished, say the official chart makers in Civilian Production.

January deliveries of all hard goods were barely 50 per cent of the prewar monthly average; most industries will attain 100 per cent by May, rest by September.

Auto strikes cost the country roughly 500,000 cars and trucks; steel strike cost close to 10,000,000 tons, including resumption time to full production after pulling fires.

Total industrial production for '46 (all basic items) will hardly match an average prewar year.

► **A SENATOR** who prides himself on an intimate knowledge of world affairs says "there are only 236 problems confronting the UNO assembly—Uranium 235, and Russia."

► **GOVERNMENT HOUSING PROGRAM** is snafued by a shortage of skilled craftsmen in construction industry—because labor unions discouraged apprentice training in prewar years.

Average age of construction craftsmen

moved up from 38 years in 1900 to 43 in 1940 and 58 in 1945 (when younger men were at war).

To maintain crafts at stable employment level, there should be nine apprentices in training for every journeyman. But since 1935 apprentices have been maintained at barely the ratio of one learner to every journeyman.

► **LUMBER EXPORTS** are under the congressional microscope, with California's Senator Knowland predicting this year's export allocations aggregating 1,000,000,000 board feet might defeat the emergency housing program.

Our lumber exports in '45 were 427,000,000 feet, roughly enough for 50,000 new homes; the '46 allocations would export another 100,000 houses.

We are presently supplying lumber to Canada, Mexico, Cuba, Trinidad, Curacao, Venezuela, U.K., Netherlands, Greece, Palestine, India, Ceylon, South Africa, Australia, France, Ireland, Peru, Chile, Liberia, Libya, and Egypt.

Knowland insists forest resources of Germany alone could supply Europe's immediate reconstruction needs; and the Philippines could easily supply emergency needs in all Pacific areas.

House has referred to the Ways and Means Committee H.R. 5424 to embargo log and lumber exports until all emergency housing needs are covered at home.

► **CIO LEADERS** blame their friends in the Cabinet for failure of program to raise wages without increasing prices. Said UAW President Thomas: "Administrator Bowles is for that principle of maintaining the workers' position, as are Secretaries Wallace and Schwollenbach. Why don't they say so?"

With CIO publicly claiming three men in the Administration's policy circle, the political implications of the reconversion muddle begin to appear.

Check your memory for the policies of Leon Henderson, Robert Nathan, Ed Pritchard and Paul Porter. They were the architects of the wartime managed economy; their slogan—"When in doubt, control it."

► **COMPANY SECURITY**, a new clause in the auto wage contracts fixing responsibility for internal discipline of labor unions, was reduced to 28 words in the Chrysler agreement: "The Union agrees that it will not oppose the discharge or discipline of anyone who instructs, leads, or induces another employee to take part in any unauthorized strike."

► **POLITICAL FRICTION** in railway brother-

hoods reflects the basic conflict between CIO and AFL methods in other labor fields.

Two important rail union chiefs are reported sympathetic with Hillman-Wallace-Reuther "direct-action" tactics, but other brotherhoods, while not formally affiliated, generally support AFL economic policies.

CIO strategy board tells its friends in rail unions they eventually may head "one big union" of transportation workers if the existing craft organizations can be disrupted by effective membership and policy raids.

▶ HENRY WALLACE'S friends are predicting he will lead a third party in the presidential arena in '48, with CIO, OPA, PAC, MVA, and FEPC legions thumping the tom-toms in the precincts for a real beginning on the Century of the Common Man.

▶ CAPITOL HILL hears that Ways and Means Committee has determined not to take up a general tax revision bill in 1946.

Treasury Secretary Vinson has prevailed with his plea that no further tax adjustments be considered until a balanced federal budget is actually in sight—by January, '47, he hopes.

▶ AMENDMENTS for proposed broadening of social security arrangements to cover several employee groups now excluded are slated for extensive hearings in Ways and Means Committee. May require three months.

Basis of the hearings will be the recent report from the committee's technical staff, which urges stabilization of pay roll taxes for at least ten-year intervals.

Socialized Medicine bill, separated from social security measure, is now before Interstate Commerce Committee.

▶ BRITISH LOAN debates turn on opponents' question, "Should America subsidize British Socialism?"

Congress also asks when will the whole story on foreign loans be presented?; hears China is negotiating for a billion; Russia is seeking aid. What will the world total be?

▶ RUSSIA'S TRADE ZONE in Eastern Europe now extends unbroken from the Baltic to the Black Sea, with all other nations excluded from production, trade and shipping, says the Colmer Committee's report covering an on-the-spot survey of postwar economic prospects abroad.

American industrial property in the new Russian economic zone has been con-

tributed by Russia as her share of local rehabilitation program.

Iron-clad state control of both domestic and foreign trade, exchange, and shipping excludes all American business men from Balkans, Finland, Poland, Czechoslovakia.

Says the Colmer Report: "The U.S. authorities, as a part of the Potsdam Agreement, appear to have conceded to Russia the taking of tangible property belonging to Americans in all the Russian-occupied zone, as a part of the reparations settlement."

Russia's vast black-out area already imperils the Bretton Woods program to wipe out artificial trade barriers and exchange restrictions. Warns Federal Reserve Chairman Marriner S. Eccles: "Unless a positive program for regulating international economic relations is widely accepted, trading relations can easily degenerate into a ruthless struggle."

▶ WAR VETERANS show more initiative than non-vets, bear a more cordial attitude toward supervisors and management, and show marked superiority in reliability, and neatness, reports a study by Columbia College, Chicago, comparing veteran and non-veteran traits in 175 plants.

In the larger plants two out of every three veterans displayed a decidedly more cordial attitude toward management; 27 per cent turned out better work; 50 per cent showed more initiative in handling unusual situations.

"In terms of poise, sociability, tactfulness, leadership and courtesy, the superiority of the veteran was outstanding."

▶ FEDERAL REGULATIONS and discriminating taxes are driving private enterprise from the public utility field, Chairman Curtis E. Calder of Electric Bond and Share told the House Interstate Commerce Committee.

Outlining a plan to "dispose of all its investments in public utilities in the U.S.," he said that "Bond and Share may be out of the utility business in the U.S. before the Public Utility Act of 1935 is amended."

▶ SEN. CLAUDE PEPPER, back from a tour of 20 countries, reported to the CIO-PAC there are only three basic problems in the U.S. today—"American imperialists, American isolationists, American monopolists."

▶ EAST INDIES RUBBER agreement fixes natural gum price at about 22.5 cents a pound landed in U.S.—an increase of 21

per cent over last prewar deliveries. British-Dutch-French marketing conference for Malayan and South Pacific plantations asked 30 cents a pound, but finally came down to a price approximating U.S. synthetic production cost.

British agreement is subject to review and renewal March 31, and the Dutch-French agreement, on June 30, when Far Eastern plantations may be substantially restored.

Today, because of short supplies of natural, world price is ruled by U.S. synthetic. In another year, natural rubber will be competing for synthetic's place in the fabulous tire market.

► **NATIONALIZATION OF COAL** in Britain promises some grim problems for smaller industries.

Emanuel Shinwell, Minister of Fuel, reports there are 20,000 fewer men in the mines than a year ago.

"I have to admit that there is not the same discipline in the pits as in the past."

Between Christmas and mid-February Britain's stocks and supply of coal diminished by 1,300,000 tons, as compared with a year earlier.

Many manufacturing plants have been compelled to cut back production schedules.

Shinwell urges an increase of 300,000 tons weekly in British fuel production.

► **TRADERS IN COMMODITIES** will be interested in a new national educational campaign in defense of free markets, futures trading, and trade policing from within—against excessive and capricious federal regulation.

The new National Association of Commodity Exchanges and Allied Trades embraces the principal grain, produce and sugar exchanges of the country, including New York, Chicago, Minneapolis and Kansas City.

Samuel D. Jackson, chairman of the Democratic National Convention at Chicago in '44, has been named directing head of the organization, with headquarters in Washington.

► **BLIMP PATROL** proved the most effective anti-submarine weapon in World War II. Military secrets now disclosed to Congress show that not one ship escorted by blimps was successfully attacked by a sub.

Ample helium from five government plants enabled U.S. to float its great sausage fleet on about 14,500,000 cubic feet of noninflammable gas monthly.

Helium cost \$2,500 per cubic foot in development stage in 1917; but came out

at less than a penny a cubic foot for anti-sub blimps in World War II.

► **HARDWARE** and garden tools released by Army for surplus disposal include 300,000 shovels, 500,000 picks, 100,000 axes and 500,000 pipe wrenches. Dealers have first call through regional offices of RFC.

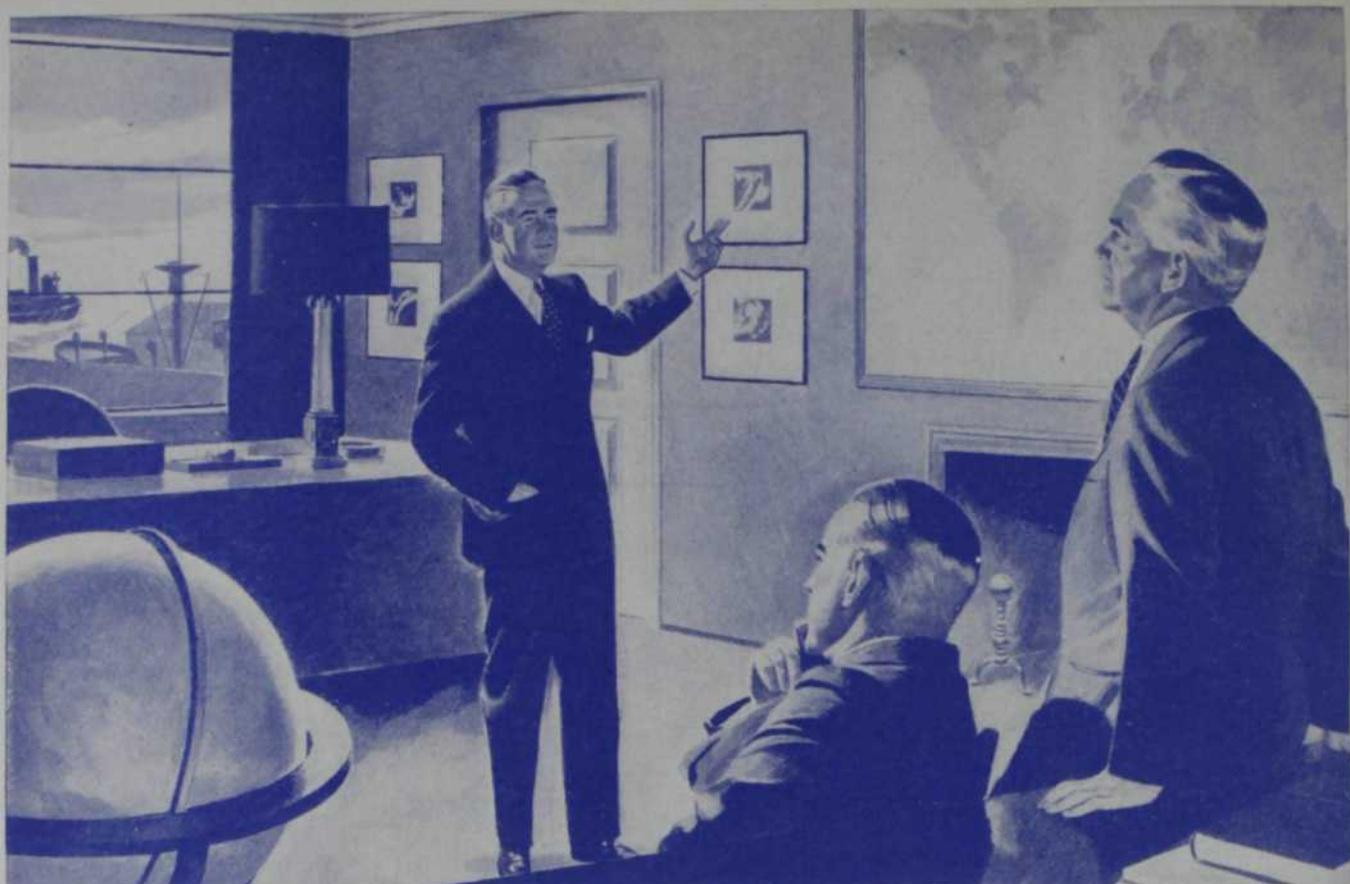
► **AIRCRAFT SHOWS** planned on the scale and tone of the prewar national auto exhibits are in making for next fall, says Aircraft Industries Association.

E. R. Breech, president of Bendix Aviation, is chairman of the show committee, which aims at one in N.Y. and one in L.A.

► **CAPITAL TRAVEL NOTE:** Be careful with your initials these days. WAC still stands for Women's Army Corps; but it also stands for the new War Assets Corporation, formerly Surplus Property Administration.

Be sure of your man!

► **WASHINGTON BUSINESS BRIEFS:** States are asked to amend banking laws to make bond issues of the Bretton Woods international bank approved investments for trust and insurance portfolios....French socialists and communists have pooled their parliamentary forces behind a program to nationalize the electric power and gas industries....U.S. airlines have 600 planes in service, including 100 on overseas routes; by end of '46 their planes will total 1,400....Ford tells Labor Department it experienced 773 unauthorized work stoppages in first four years after granting closed shop and check-off in '41....Shanghai reports a quick business comeback, with one Belgian, three British, and three U.S. banks reopened....Army has released for surplus disposal 100 anti-aircraft searchlights—800,000,000 candlepower for about \$15,000....Hollywood has turned down a proposed government documentary film styled "The Happy Warrior." ...Quick-freeze industry is testing a promising new market in sub-zero pastry doughs for home baking....UNRRA says it found in all of Greece only six workable locomotives....Agriculture's food survey indicates ample supplies of salt this year....Brace yourself for a wave of "crisis" and "emergency" proclamations from Washington (as recent dark-bread and housing pyrotechnics); they are the essential stage setting to panic Congress into extending OPA another year. ...Tariff Commission opens hearings March 7 on proposal to abolish import quotas on silver fox furs.



The Wide World is Your Marketplace

As the world has grown smaller, in a figurative sense, the horizons of American business have expanded—the "Made in U.S.A." label is on the machines and materials which will rehabilitate the world.

In this global business activity, the Chase National Bank offers banking service of equivalent scope. A vast network of correspondent banks has been built up over the long period of years during which the Chase Foreign Department has served American business abroad.

Through these financial institutions and its

own overseas branches, the Chase can help you create new and expand existing relationships in any part of the world.

Further, the Chase Foreign Department can supply up-to-date information on foreign trade regulations—and when your transactions have been completed, it can collect the proceeds and deliver them to you promptly.

Why not investigate the ways in which the Chase Foreign Department can serve you? There is no obligation entailed in a conference with our officers.

You are invited to send for our Folder "Import and Exchange Regulations of the principal countries of the World."

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NATION'S BUSINESS for March, 1946

TRENDS



OF THE NATION'S BUSINESS

The State of the Nation

IN his remarkable book on "The Decline of the West," in which the rise of Hitlerism and the collapse of parliamentary government in Central Europe were anticipated years before the event, Oswald Spengler paid much attention to the subject of "good form." For a nation as for an individual, according to this great German philosopher, "form" is all-important. "Practically everything that has been achieved in world-history . . . has been the product of living unities that found themselves in form."

In Spengler's opinion the nation which has been most consistently in form is England. For generation after generation its destinies have been directed by a "ruling class" actually trained and qualified to govern; in power not by virtue of heredity, or accident or popular-whim but simply because it is—or has been—"in form." Writing immediately after the first World War, Spengler saw the aristocracy doomed in England, as everywhere in Europe. Yet the mere tradition of form can carry a nation successfully through a period of chaos.

It is of the most vital importance, for the United States and for what remains of Western civilization, that Americans should keep themselves and their country "in form." But that cannot be if our people lose sight of the attributes which made America great, which gave us distinction and form among the nations.

As a people, our outstanding characteristic has been self-reliance; as a society our most notable characteristic has been classless co-operation; as a government that which stands out is limitation of official power. The first two char-

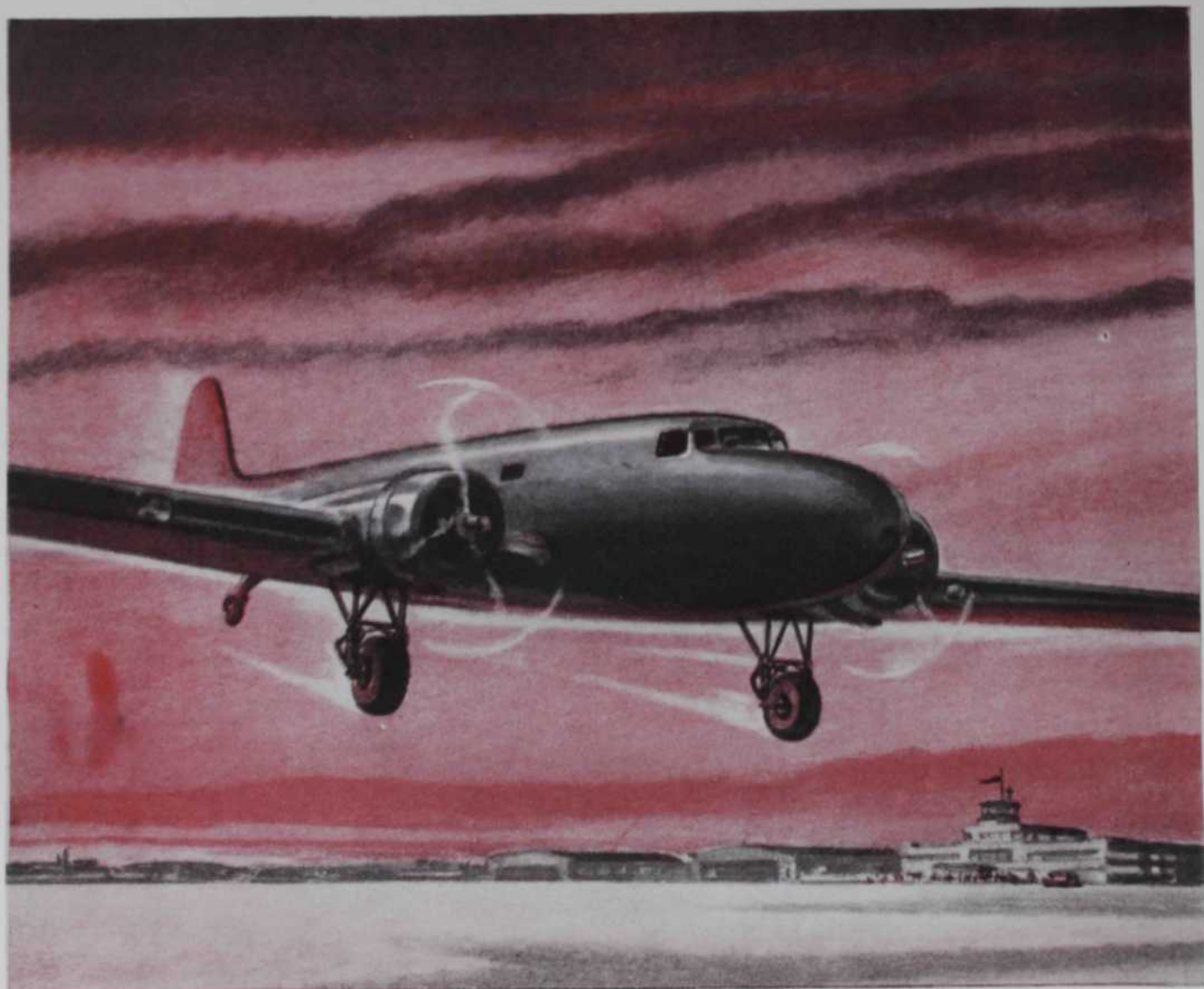
acteristics are a heritage from the pioneer era when, wholly aside from intrinsic desirability, they were essential for survival. The restraint of governmental power is a created characteristic, to the extent that it is decreed by the Constitution rather than continuously demanded by public sentiment. But this restraint could never have been applied unless it had been wholly consistent with and desired by the popular will.

When the American people have been self-reliant, mutually helpful and effectively mistrustful of the extension of governmental authority, this nation has been "in form"; its tradition has been alive; its accomplishment has been outstanding. Unfortunately, there are many indications that lately the nation has gained in power at the expense of form.

Perhaps the most deeply significant of current indications is the wave of almost mutinous protest against indefinite peacetime military service which, with the New Year, spread through our army camps abroad and quickly demoralized an all-conquering military machine.

To the average drafted youth the fighting of the war was a wholly understandable, if unwelcome, process. His country, as he saw it, was definitely threatened by Axis aggression. His patriotic instinct, stronger than all personal considerations, was to play his part sacrificially during the period of peril. For the duration he was willing to leave all determination of policy in regard to himself to the decision of stay-at-homes. And for 300,000 of these boys the duration has become eternal.

But the great majority of those who survive



No time for weak knees!

Two seconds more — then wheels and concrete meet. And the "legs" of the air giant, just now unfolded, must absorb an impact far greater than the total weight of the ship.

Welded steel tubing was a natural choice for landing gears . . . the tube shape giving maximum strength-for-weight . . . arc welding eliminating needless clutter. To plane manufacturers today go P & H electrodes for this specific job. Others go to truck and train builders, as the whole transportation industry turns to welding for new production economies. In producing electrodes for these varied needs, P & H holds a unique position. One of the largest users of arc welding, P & H itself needs electrodes for every job from electric hoists to power shovels. As one

of the largest makers of welding equipment, P & H has capitalized on this user experience to the full. Today's P & H welding service is the most complete in America, including AC and DC electrodes, AC and DC machines, welding positioners, and Production Welding Control Systems. All of them — plus the engineering talent behind them — are at your disposal when you "Call on P & H."

P & H
HARNISCHFEGER
 CORPORATION

Manufacturers of
 Overhead Cranes • Electric Hoists
 Excavators • Welding Positioners
 Arc Welders • Welding Electrodes

MILWAUKEE 14, WISCONSIN

WELDING ELECTRODES • MOTORS • HOISTS • P & H • ELECTRIC CRANES • ARC WELDERS • EXCAVATORS

have kept their national characteristics in spite of continuous regimentation and all the influences of alien environment. These characteristics, of self-reliance, of social self-assertion, and of distaste for official authority, are all sharply at variance with the military code.

The friction between Americanism and militarism is revealed in the enlisted man's contemptuous use of the word "Brass." What that signifies for him is the constant interference of officious authority with his personal liberty and his individual self-respect. The American boy can subordinate himself to Brass as a necessary war-time evil. But with the enemy beaten and the job apparently finished, his individualism again asserts itself. To demand respect for a colonel merely because of the "chickens" on his shoulders is like forbidding the lad in uniform to jolly a pretty girl because she happens to be German. It just doesn't make sense to him, in either case.

Americans Resent Being Pushed Around

A good many of our official planners, themselves increasingly affected with the conceit of Brass, have in recent years become forgetful of these fundamental American characteristics. They have tended to regard American boys (their parents also) as so many pieces to be pushed around by governmental order, in a modern variant of the age-old and unhappy game of power politics. Under the specious pretense of building a better world, Americans have been ordered to police Korea, occupy Iceland, democratize Sicily, mount guard in India, patrol Shanghai, supervise Formosa, instruct Brazil—and elsewhere and otherwise dictate to strange people in a manner as distasteful to them as it would be to Main Street were the situation reversed.

Moreover, it becomes increasingly apparent to many a homesick veteran that the fruitless task is going to drag on—at his expense—for months and years. Naturally he is unhappy about it. Very likely his discontent is exploited by Communists who seek to move Americans out of Northern China or Western Germany so that Russia may move in. But the average American boy could not be exploited by these elements if he were, as Spengler says, "in form."

We have experienced such a spate of globaloney from government propaganda agencies, and it has been so adroitly tied in with the necessary prosecution of the war, that even now few realize how serious a strain is involved in all this nonsense about forcing our way of life on those who do not want it. Strong as America is, the country is not strong enough to make over the entire globe in the American pattern. The effort to do so can only mean that the pattern itself will eventually be broken down.

Already our governmental and our economic

systems are alike severely strained, not so much by fighting of the war as by the unlimited commitments of resources which our undefined postwar policy demands. This once self-controlled Republic, advised by George Washington in his Farewell Address to have "as little political connection as possible" with foreign nations, is today beset by all those evils of conscript unrest, class strife, deficit financing and diplomatic megalomania characteristic of empire in its decadence.

Federal Government is Top Heavy

Our federal institutions, as distinct from those of local government, are doing a progressively less effective job, primarily because the load they are carrying is far in excess of that which these offices were designed to bear. The result is that, far from being "in form" as a nation, we are suffering a bad case of split personality, seeking on the one hand the glamor and excitement of imperial rule and, on the other, restoration of that simple and unexacting community life to which the disconsolate members of our far-flung expeditionary forces so vociferously seek to return.

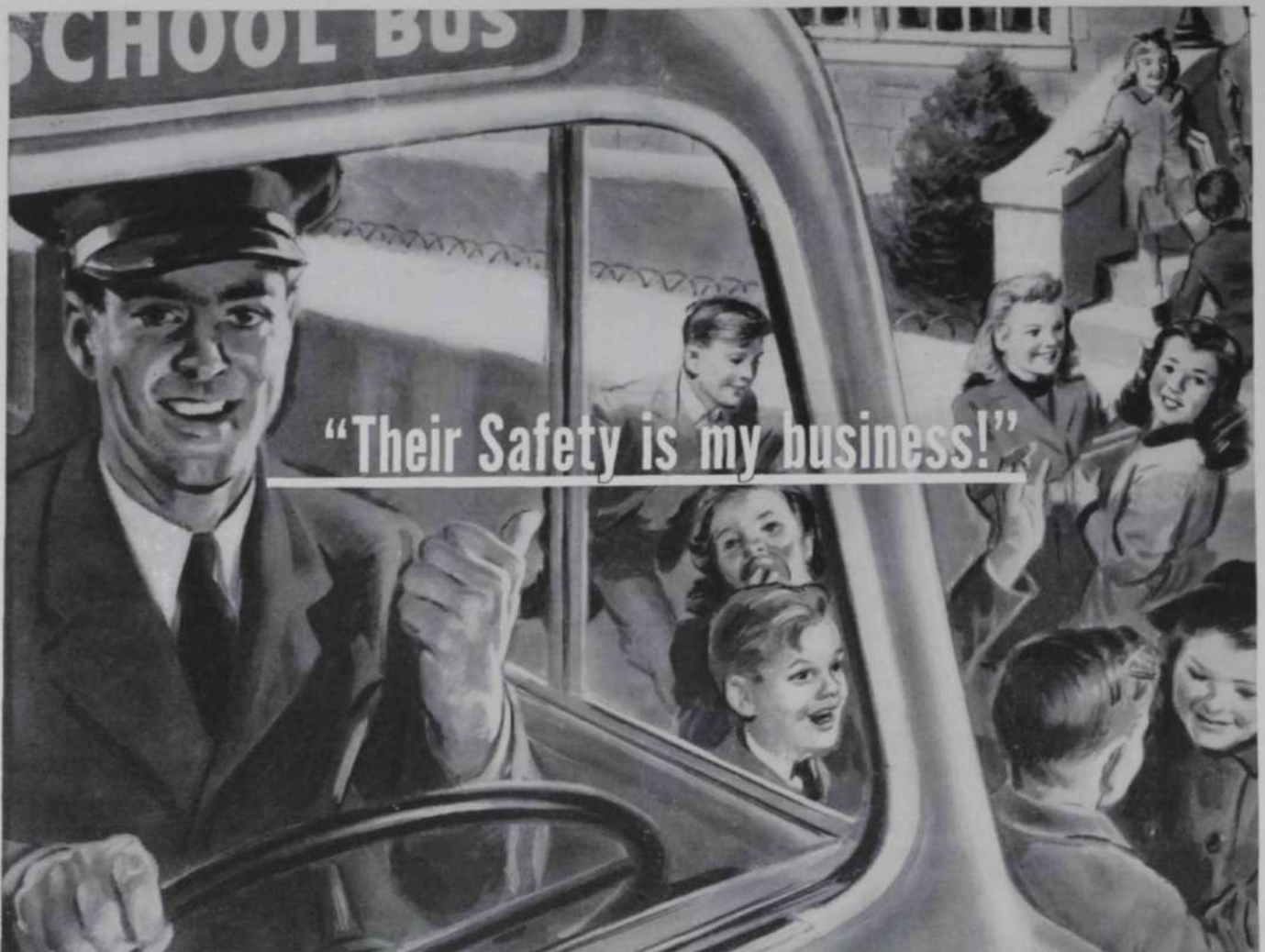
The origin of this troubled situation is not recent. It cannot be wholly blamed on the war, nor even on the New Deal's love for regimentation. Almost half a century ago a shrewd and famous Yale professor, William Graham Sumner, discerned the trend and attacked it in a famous essay which, at the close of the Spanish-American War, he sardonically called: "The Conquest of the United States by Spain." Therein we read:

"Now what will hasten the day when our present advantages will wear out and when we shall come down to the conditions of the older and densely populated nations? The answer is: war, debt, taxation, diplomacy, a grand governmental system, pomp, glory, a big army and navy, lavish expenditures, political jobbery—in a word, imperialism. In the old days the democratic masses of this country, who knew little about our modern doctrines of social philosophy, had a sound instinct on these matters, and it is no small ground of political disquietude to see it decline. They resisted every appeal to their vanity in the way of pomp and glory which they knew must be paid for. They dreaded a public debt and a standing army. They were narrow-minded and went too far with these notions, but they were, at least, right, if they wanted to strengthen democracy."

When Sumner wrote, this Republic was still "in form." The first step towards restoration is the realization that it is no longer so.

FELIX MORLEY





TIRES made with RAYON CORD keep them Safer!

And soon you can have them on your car

DID YOU KNOW that the safety of the children in more and more of the nation's school buses is being entrusted to tires made with rayon cord?

... That millions of bus line passengers ... and most of our vital truck cargoes have traveled with greater safety on rayon cord tires?

... And that military vehicles—from jeeps to juggernauts—roll mainly on rayon cords at the Army's insistence?

Because these precious people and things move more safely ... tire makers now are offering you rayon cord tires ... plus the promise of longer tire life, a smoother ride, and greater gas economy!

You see, rayon is man-made, therefore it can be given the toughness ... the cooler-running quality ... the exact structure ... the long life to fit precisely the needs of your tires. Engineers at American Viscose Corporation—working closely with the tire manufacturers—helped to develop these special rayon cords.

Soon, rayon cord tires will be available to you—and a great new milestone in motoring safety will be achieved!

The exciting story of rayon's success in bringing about greater driving safety will gladly be sent to you free. Write today for "The Record of Rayon Cord in Tires," American Viscose Corporation, 350 Fifth Avenue, New York 1, New York.

WHY THE ARMY USED RAYON CORD TIRES

Rayon cord makes tires stronger, safer, lighter. Rayon is made in continuous filaments, of uniform diameter and strength. Higher tensile strength permits thinner sidewalls, reducing rubber-harming friction heat. Rayon retains more tensile strength at high running temperatures and withstands almost infinite flexing. (Source: Hearings before a Special Committee Investigating the National Defense Program, United States Senate—Seventy-Eighth Congress, First and Second Sessions.)

MORE SAFETY—LESS OPERATING COST

Bus and truck companies report that less friction heat, higher tensile strength, and greater uniformity of rayon tire cords mean more safety at high running speeds. Rayon cord tires give longer life, greater mileage ... reduce impact failures, blow-outs, road delays, tire renewals.

AMERICAN VISCOSE CORPORATION

America's largest producer of rayon



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The U. S. and World Affairs



AS THE defeat of the Nazis became more certain, it was widely assumed that "Europe will go Communist," and the first stages of liberation seemed to bear out the assumption. The Resistance movements which came clamorously into the open with liberation were almost all dominated by Communist minorities. Communist-controlled regimes took over in areas under Red Army occupation, and elsewhere Communists entered post-war coalition governments.

The time has come, however, to discount that prediction of a Communized Europe. The most important single fact about the politics of that continent today is that the Communist wave is rapidly receding. A Communized Europe is still possible, but only if it is imposed by outside force and nailed down with imported bayonets. There is growing evidence that *the peoples of Europe*, if given a choice, will turn thumbs down on a dictatorship from the Left.

They have already done so wherever relatively free expression of preference has been possible. They have repudiated the extreme Right which, in sober fact, was not in the race, having been outlawed in advance. But they have repudiated the extreme Left no less. Their choice has been moderation, middle-of-the-road parties; and the more radical sentiment has tended to flow to moderate Socialists rather than to Communists.

Moderates Win in Postwar Elections

The fact is that the Communists, with every advantage of position, organization and armed support, have failed signally to win mass support. The most striking proofs of their failure were provided by the first free popular elections in Hungary and Austria. A new coalition of moderate elements, the Small Holders Party, won an overwhelming victory in Hungary; the Communists drew only 17 per cent of the votes.

In Austria 90 per cent of the electorate cast ballots: the largest popular turnout in the country's entire history. When the National Assembly of Austria met for its first session, 84 of its 165 seats were occupied by the *Volkspartei* (People's Party), a centrist Catholic alignment. The Socialists were second with 76 seats, the Communists last with five seats, having polled only about five per cent of the total votes.

In the first free balloting in Germany, too—for local offices in the American zone—Communists trailed far behind the moderate parties.

American and other outside observers on the spot are convinced that genuinely free elections in Rumania, Bulgaria, Yugoslavia and Poland would give similar results. That, of course, is why Russia has fought so hard to avoid the kind of popular multiparty elections pledged at Yalta.

In three of those countries the Soviet leaders have already succeeded; only Rumania still has a chance for democratic balloting. By sacrificing Bulgaria, Secretary of State Byrnes in his recent appeasement trek to Moscow obtained a promise of free elections in Rumania. Whether the promise will be kept remains to be seen.

Rumanian Communists Losing Out

What the chances of the Communists of Rumania would be in a really honest election may be judged from this statement of a Balkan specialist, R. H. Markham, cabled from Bucharest in December to the *Christian Science Monitor*:

"During the past ten months Rumanian Communists have aroused more aversion against Russia than all Nazi propaganda during the whole Hitler period. . . . The overwhelming majority opposes the Communists bitterly—even their meager support is dwindling. . . . In recent municipal balloting the Communists polled less than two per cent of the votes."

Where the Communists hold control, in Poland, Bulgaria and Yugoslavia, it is without benefit of popular mandate and *with* benefit of concentration camps and all-out political repressions. Only Tito's press agents pretend that his government in Yugoslavia rests on "unfettered" elections. The remarkable part of the story, indeed, is that some 700,000 Yugoslavs, or ten per cent of the total casting ballots, dared to vote No on the yes-or-no choice presented by the official ticket.

In all three countries, moreover, new resistance movements are active. The underground training gained in fighting the Nazis is being applied on an ever larger scale in fighting the new Communist rulers. Underground newspapers, acts of violence, all the methods of resistance against invaders flourish in Poland despite the Red Army, Soviet secret police and Polish security police.

Within the Polish puppet government itself there are stirrings of discontent and opposition. In Tito's realm, the Chetnik leader Gen. Draja Mihailovich is still at large in the hills at this writing, at the head of an expanding guerrilla force.

The presence of immense Red occupation forces

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helps explain the deepening East European reaction against Communism. The Russian troops are not exactly a good advertisement for the Soviet cause. For one thing, they live off the country, adding to the economic distress. For another, the morale of the Red troops has been incredibly low; their commanders have been unable to curb looting and rapine on a shocking scale.

"It has become a commonplace remark here," New York Times man John McCormack wired from Vienna Dec. 30, "that the presence of the Red Army has cured Eastern Europe of Communism and that its absence has enabled Communism to flourish in Western Europe."

The Communists are, in fact, more successful on the western fringe of Europe, where the masses have not been in direct contact with the Soviet forces. But even there the wave is receding. The refusal of French, Danish, Norwegian and other Socialists to merge with the Communists in united-front electoral lists is a significant indication. Even in Italy, where they had a long head start, the Communists have not yet convinced the Socialists on the merger plan.

In Norwegian elections the Communists suffered a resounding defeat, and in Finland, despite exceptionally heavy pressures from its big neighbor, they remain distinctly a minority.

France is a special case. Though a minority party, the Communists were able to force de Gaulle's resignation as President and to initiate moves for a new coalition government on a Communist base. But even in France their strength is more seeming than actual; because of the economic distress and political confusion, the Communists swing far more political weight than their popular support would normally justify. Though they received 37 per cent of the votes in the national elections, that total was rolled up through united-front arrangements with various resistance groups; the Communists *as such*, local observers have calculated, polled at most 13 per cent. And the most important political development in France is the rise of a strong new party, the Popular Republican Movement, distinctly middle-of-the-road in temper and leadership.

It is fair to conclude, therefore, that the people of Europe, by and large, do not want to place themselves under Communist dictatorships. Should the continent go Communist, it will be only through outside force and the blundering of allied diplomacy.

That America has a vital interest in supporting the emergence of a more or less democratic Europe from the confusions of this period is self-evident. Over and above our moral preference for freedom, we have a direct economic interest in keeping the continent open to normal trade and cultural intercourse with the whole world. The alternative, an exclusive economic preserve for one country, can hardly be to our taste. The vigor

with which we have protested treaties that give to the Soviet Union a stranglehold on the trade, commerce and industry of its European neighbors is an indication of our fears and hopes.

It cannot honestly be said, however, that we have been conspicuously successful in giving aid and comfort to democratic trends and yearnings in Europe. Our principles have been sound. They are on display in an array of documents: the Atlantic Charter, the Four Freedoms, the pronouncements (as distinct from the actions) of the wartime Three-Power conferences in Moscow, Teheran, Yalta. But in implementing them, we have been feeble. Clear proofs that Europe prefers democratic freedom to Communist dictatorships ought to give our statesmen more courage in defending democratic policies and narrowing the distance between our pledges and our actions.



Press Freedom: A Lost Cause

A vast amount of nonsense is being heard these days about world-wide freedom of the press, most of it in American accents. The optimists who hope to switch on the lights of free news in blacked-out Russia and Yugoslavia are kidding themselves. They seem to think that total control of incoming and outgoing information is a totalitarian whim, when in fact it is an absolute necessity for the survival of totalitarian regimes. To ask them to give up the manipulation of news is like asking them to commit suicide.

When a naive delegate tried to place the problem of free press on the agenda of the first session of the United Nations Organization in London, he was quickly squelched. The embarrassing subject was hastily hustled off the stage. It is likely to stick its head out from behind the wings in the years ahead, but a solution of the problem is literally impossible as long as the world is half-democratic and half-totalitarian.

If enough pressure is applied, censorship may be *formally* lifted here and there, but such "concessions" will mean exactly nothing. The Governments involved would still prevent access to sources of information; they would still prevent uncolored news from reaching their own subjects.

William Benton, Assistant Secretary of State, is quite right when he declares that "the American story" is not being told in many parts of the world. But he qualifies for the ancient order of American Don Quixotes when he implies that the story can somehow be brought to the hundreds of millions of people living under dictatorships. Nothing is gained by pretending otherwise.

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Washington Scenes

THE political historian, checking back on this period in Washington, will have no easy time trying to epitomize the situation. Controversies flare up and disappear overnight. What is stated as a fact one week turns out the next to have been merely an assumption. Meantime, the air is filled with intemperate talk—as, for example, the charge that there has been a “breakdown” in government.

This word has been greatly overworked here, as has the more familiar noun, “crisis.” As every veteran observer knows, crises have been proclaimed in the most tranquil of times, including even the Coolidge period. Silent Cal’s practice in times of alarm was to stroll over to the window and take a good look at the Washington Monument. Having satisfied himself that the great obelisk was still standing, he would then go back to his desk and relax.

The People Failed to Demand

The situation in Washington this winter, with President Truman still insisting on his domestic legislative demands and with the conservative Democratic-Republican line-up continuing to oppose most of them, was much the same as that which shaped up back in September. However, some new factors had entered the picture.

President Truman’s prestige and influence on Capitol Hill had dropped. This was due in large part to his direct appeal to the American people, asking them to prod Congress into taking action on his stalled legislative program. The people—the “world’s greatest pressure group,” as he called it—failed to respond. Consequently, the lawmakers became more convinced than ever that Mr. Truman was not a man to be feared.

It was this state of affairs that led to talk about a breakdown in government. Those who indulged in such extravagant language, however, overlooked two things. To begin with, in a system like ours where virtually all legislation is the fruit of compromise, there is hardly an hour in the working day when men are not getting their heads together, striving for a meeting of minds, and trying to keep the machinery of government revolving.

Moreover, this is an election year, a year when all 435 members of the House and a third of the 96 Senators must face the voters. Obviously, they cannot ask for reelection solely on the grounds



of having defied the man in the White House. They must be able to point to something constructive. This is especially true as regards the members of Mr. Truman’s own party, who, in this off-year election, may be facing their greatest threat in 14 years.

The President gave them their out in his appeal to the people. He said in effect that, if they didn’t like the recommendations in the form he had made them, then the least they could do was to substitute something of their own. In many instances that is what will happen. Many pieces of legislation that are to emerge may carry the label first put on them by Mr. Truman, but the contents will more nearly reflect the conservatism of Congress.

National Chairman Herbert Brownell, Jr., has already disclosed the strategy of the Republican organization, in its efforts to capture Congress. He readily grants that there is such a thing as a Truman program. But that, he says, is far from being a Democratic program, “as evidenced by the fact that Mr. Truman’s own party in Congress has pigeonholed the majority of his proposals.” The task for the Democrats then is to come up with something that will answer this argument. If they fail, it may have to be a case of every man for himself when election time arrives.

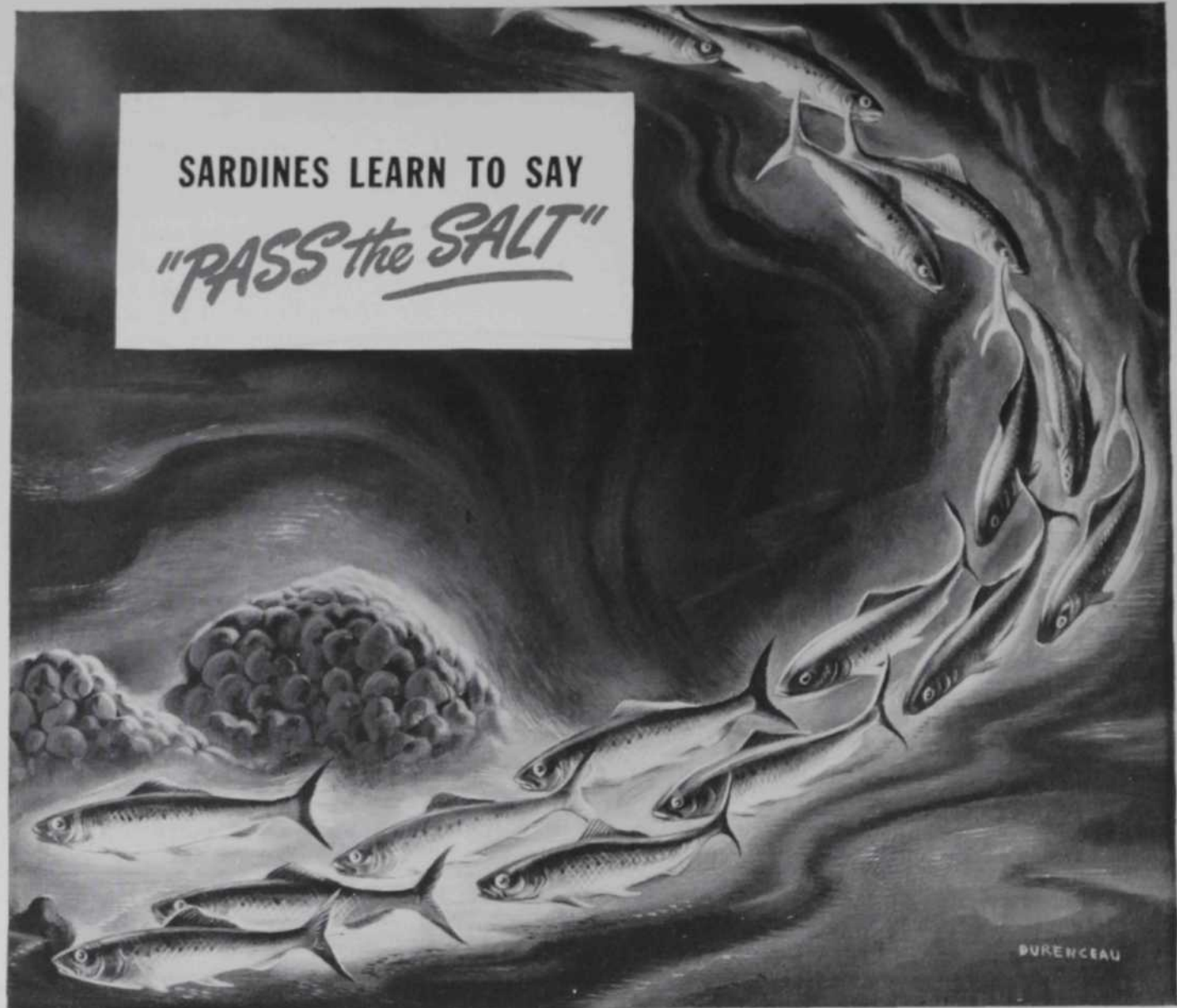
Postmaster General Robert E. Hannegan, political strategist of the Truman Administration, has started a campaign to break the log-jam in Congress and thus deprive the Republicans of the “family-quarrel” issue. Hannegan and his lieutenants are using the only argument that seems to be persuasive in the circumstances. They are telling the Democrats that the threat of defeat in November is very real. They are reminding them of what a Republican triumph would mean in terms of lost committee chairmanships and lost patronage.

Beyond this, of course, is the tradition that, when the party in power loses the House in an off-year election, loss of the Presidency is the inevitable sequel two years later.

Legislative Program Grows Larger

One thing that has been overlooked is the immensity of Mr. Truman’s so-called legislative program. It is not simply a 21-point program as it was back in September when he sent down the remnant of Mr. Roosevelt’s “economic bill of rights.” The measures he has recommended now

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number more than 60, which doubtless is an all-time record for such a period of time. Not a single member can be found in either Senate or House who is in favor of all of them.

The business of appraising Mr. Truman, and trying to catalog him in political and economic terms, still goes on in Washington. And still there is no agreement.

Before the President's message to Congress January 21, with its report on the State of the Union and the national budget, some had said that he belonged definitely to the Hopkins-Keynes school: Big Government and damn the deficits!

Mr. Truman's message to Congress, his first at the opening of a session, bore this out only in part. He did believe in Big Government, this was clear. After conceding that Government was vastly larger than before the war, he insisted that "We cannot shrink [it] to prewar dimensions unless we slough off these new responsibilities—and we cannot do that without paying an excessive price in terms of our national welfare."

Government Will Give Assistance

In another passage, Mr. Truman said that "While our peacetime prosperity will be based on the private enterprise system, Government can and must assist in many ways." It is, he continued, "the Government's responsibility to see that our economic system remains competitive, that new businesses have adequate opportunities, and that our national resources are restored and improved. Government must realize the effect of its operations on the whole economy. It is the responsibility of Government to gear its total program to the achievement of full production and full employment."

As for deficit spending, there was no indication that Mr. Truman had renounced it as a policy. Still he was opposed to it for the years immediately ahead, which seemed to be the important thing. So long as times were good, he said, he favored not only living within income but reducing the colossal national debt. Accordingly, he was opposed to a cut in taxes.

The reaction on Capitol Hill to the President's message was largely along party lines and therefore confusing. Significant, though, was the reaction of Senator Harry F. Byrd, the most zealous of the Treasury watch dogs. The Virginia Democrat, after years of fighting the New Deal spenders, hailed the President's "move toward a balanced budget and a start on the retirement of the debt at a time when the demand for goods is strong and the business outlook good." Senator Byrd went on to say that, unless this were done in a period of prosperity, the budget might never be balanced "until America goes over the precipice of financial catastrophe."

While some Republicans talked about tax re-

duction, others were determined to bring income and outgo even closer together for the fiscal year of 1947, which begins July 1. Their first thought was of the reforms for which Mr. Truman had asked, and

to which he attached an over-all price tag in his budget. Then there were some estimates for the regular departments which seemed to invite the pruning knife.

In the case of one department, the Republicans—and also right-wing Democrats—faced a dilemma. President Truman gave Secretary Henry A. Wallace a 78 per cent increase in the budget for the Department of Commerce. This was not only a spectacular boost but it was given to a man in whom Congress has little faith where spending is concerned.

On the other hand, this was the first time in years that the White House had shown any interest in the Department of Commerce. Mr. Roosevelt, in the days of Dan Roper and Harry Hopkins, had allowed the department to become stagnant. Mr. Truman listened to Wallace's ambitious plans to strengthen the department so that it could better "present the needs of business in the councils of Government and of Government in the councils of business." He heard of his schemes to do for the business man what he once had done for the farmer, and he signalled to Budget Director Harold Smith to let Wallace have virtually everything he had asked for.

It was good to hear "balance the budget" talk in Washington again, after years of deficits, borrowing, and nonsense about owing the money to ourselves. It was refreshing, too, to find President Truman thinking about all elements in the economic picture. For the first time since 1933 a State of the Union message showed real concern about "private enterprise."

Counting on High National Income

Mr. Truman's fiscal policy, however, called for a good deal of faith, if not downright optimism. In effect he was betting on a national income of around \$140,000,000,000, and this despite a wave of almost unprecedented labor-management turmoil, costing \$13,500,000 a day in wages alone.

President Truman expressed confidence that America would meet the challenge in this Year of Decision. In the circumstances, he could hardly do anything else. To him, as to his chief economic adviser, Banker John Snyder, it was unthinkable that the American people, having overcome the problems of war, should not overcome the problems of peace.

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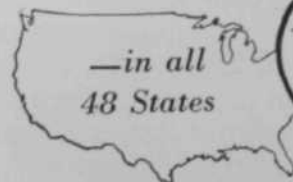
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The Month's Business Highlights

THERE are officials in Washington who think a material amount of inflation is essential to the handling of a \$275,000,000,000 public debt. It is true that taxes are easier to collect if prices are high.

Other officials, particularly those who would have principal responsibility, do not subscribe to that theory. Marking up prices, they say, is an unstable thing. Any inordinate increase in the price level invites collapse. Rather than flirt with that chance they expect to get high level production. They are hopeful because production is the thing Americans do best.

There is no disposition to discount the danger of inflation. When talk of another stiff increase in the price of butter fails to disturb public complacency, it is a danger sign. No curb is put on inflation if people do nothing more than cuss because of price and quality.

Strikes have intensified the inflation danger but federal officials gambled on the belief that strikes would not interfere too much with the total volume of production. Concentration of strikes gave them hope. They felt throughout that it would be so apparent that the country could not afford large-scale work stoppages that the strikes would blow over.

Price Control Seems More Important

Key men in the administration have been more concerned over retaining price control than over strikes. Lifting some controls, which had to be put back, led to what seems to be an exaggerated idea of whatever has to be retained in the way of restraints. Great fear is felt over the possibilities of pressure groups getting together. The fact that farmers and wage earners are hurt more by the aftermath of abnormal price increases than are other groups will cause legislators, when the final test comes, to hesitate to wipe out controls.

In the meantime, Washington is worrying to an increasing extent about how everyone is going to be employed with the index of industrial production as its present level.

Chances favor a rise in the index. It might go to 180 by June but, on the other hand, it might take even a higher level to employ the people who then will want work. The specter of unemployment will not down. It is having a tempering effect.

The transportation situation will improve from



here out if labor troubles are not too serious. That will help.

Speed of reconversion is proving to be the more remarkable as information becomes available. A large expansion in the service industries is under way. More workers are being absorbed than were thought likely.

Much has been learned about handling inflation since the last war. Authorities know how to control it. The questions are: Will Congress split into pressure groups and fail to act on the general situation? and Will there be enough courage in the executive branch to do the drastic things that may be necessary?

More Goods Would Stop Inflation

Stopping all trading on margin was seen as a sign of official courage and of a realization that a gesture in the right direction should be made. Unquestionably that action was cleared with the White House. The fact that there has not been much credit in the stock market for a long time was beside the point. The action flouted some strongly entrenched interests.

Administrative officials with a penchant for looking ahead take the position that what is needed is not high prices but a high stable income based on large production, expanded service activities and high level consumption. A flood of goods quickly quenches flames of inflation.

Everyone recognizes that 1946 is the crucial year. The important decisions with regard to policy will have to be made within the next few months. Difficulties in increasing production are aggravated by the fact that it is a transition year with labor troubles and the delays that go with getting out new products and in embodying, in equipment and products, improvements that have been developed during the war period. After the last war the speedup came only after a tedious period of transition.

Overhead will have to be spread over a smaller volume of business. Business, however, has been freed of excess profits taxes, which is more important. The cost of living index may go up but the consumer already is getting more per dollar than he did last year.

Toward the end of the war consumers were spending twice as much on food as they had expended in the prewar period but a good deal of that expenditure did not show up in the index of the cost of living. Many consumers were buying



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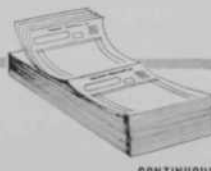
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at specialty shops instead of at those where prices were lower. Customers were not too observant of quality or whether they received full measure. Prices may have included delivery services which were not provided. There was more eating out. That situation is slowly changing.

Controls Over Building Are Too Complex

Great difficulties are being experienced in recovering an effective control over building materials. While some increased output is in the offing, the best to be expected is certain to be far from adequate. Getting together the materials necessary to build a house is a longer process than most observers realize.

Control over costs is even more difficult. Linoleum for the kitchen floor may be obtained at a standard price, but when the labor charge for laying the linoleum is added, the home builder is certain to reach the conclusion that it is difficult to put a ceiling on the floor. All that Washington is trying to do is to fight a rear guard action in the belief that, if important controls can be retained in 1946, production will have reached the point where equitable distribution will be assured.

One of the great mistakes of prewar planning was the concentration of attention on physical reconversion to the neglect of the human factors. Even now unemployment would be at record heights if production were to go back to the 1939 rate. While output of machinery, for instance, has dropped decidedly from its wartime peak, it is still being turned out at more than two and one-half times the rate recorded at the beginning of 1939. Transportation equipment production, despite what has happened in the automobile industry and to shipbuilding, is still three times greater than in January of 1939. Incidentally, the index of automobile production during the strike period looked high but that was due to the fact that the figure includes the output of parts which was not affected as quickly and to the same extent as was the assembly of finished cars.

Another industry that is holding up better than had been expected is the manufacture of chemicals. Its rate of production is more than twice that of 1939. It lost explosives but other products have taken up much of the slack. Even lumber is doing as well in 1946 as it did in 1939, while textiles and products have made some increase, although not in the same proportion as have some other industries. Output of rubber products is gaining momentum and already has outstripped comparable 1939 figures. One effect of the automobile strike was to make more tires available for cars in use. Had automobile production gone forward as would have been the case without the stoppage, an acuteness in the supply situation might have developed.

Higher wage rates always have the effect of

stimulating mechanization. That and other factors are operating to make for greater efficiency in distribution. Planning being done in Washington is not overlooking the great opportunity for economies and

improved techniques in moving and handling goods. In normal times distribution absorbs some 40 per cent of the national income. Many think it offers the best opportunity to improve living standards. Distribution is inherently a costly process because it involves reaching the individual. In a country with 130,000,000 people great opportunity is offered for economy, elimination of waste and improved techniques.

British Loan Shows Cooperation

Discussion of the British loan has brought out clearly that, in the long run, a loan on a business basis, eliminating all discriminations and providing for genuine cooperation, promises to be more beneficial to the parties concerned and to the world in general than would have been the case had the British had their way in putting over a program that would have tried to take into account sacrifices they made before the United States entered the war, and that would have brooked no interference with Imperial preferences or British domestic policies.

While the budget no longer is news its effect on business continues to be important. A declining government expenditure with a change from a rapidly increasing public debt to a slightly declining one has an important bearing on the financial structure. That in turn affects industrial and business activities. The banks no longer will have to buy government securities. Insurance companies and other investors will have to go out and bid for the bonds they want. That means a strong market for government securities. It also means that there no longer will be a growth of the amount of money in the form of bank deposits. That source of inflationary pressure no longer will be aggravated. The inflationary danger from an oversupply of money will continue but some officials are convinced that it will cease to grow. That would afford an opportunity for the constructive management of the public debt.

Since the government apparently has underestimated the national income the deficit may be less than \$4,300,000,000. By and large this should have the effect of a balanced budget. With luck it might be balanced entirely. Congress, however, may change the picture. If taxes are reduced or expenditures increased, inflation control will be that much more difficult.



PAUL WOOTON

Tony

Just Painted His Way

Reading time: 1 minute, 32 seconds



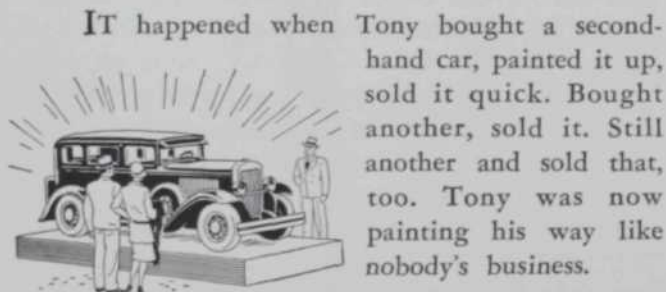
TONY worked in a shoe factory and liked it pretty well.

He came home one day and saw his landlady climbing a ladder to do some painting. Big hearted Tony grabbed the brush, climbed the ladder, did the painting. He liked painting a lot.

"From then on I just painted my way," says Tony. He painted buggies and barns, houses and furniture, inside and out. Hired painters to help. Business boomed. Then IT happened.

When the war came he was doing \$3,000,000 of business a year. During the war Tony's shops were busy full time taking care of people who wanted "Tony's touch" for their aging war-time cars.

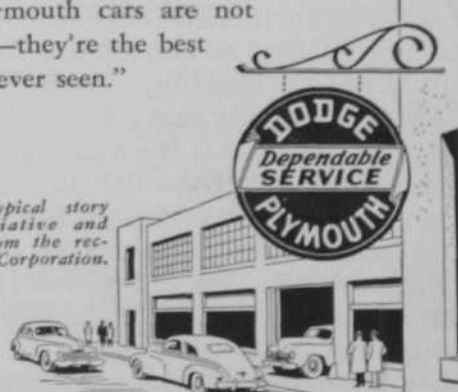
Tony is all set for the future. "I'm still sitting on top of the ladder," says Tony. "I've got the best new and used car business in the world. Those new Dodge and Plymouth cars are not only great cars—they're the best paint jobs I've ever seen."



IT happened when Tony bought a second-hand car, painted it up, sold it quick. Bought another, sold it. Still another and sold that, too. Tony was now painting his way like nobody's business.

Tony outgrew one sales lot after another. When the Dodge people talked to Tony about being their dealer, Tony said, "Sure, Dodge is the best car I ever painted." He acquired a building, equipment and an organization and sold a thousand cars the first year in business.

NOTE:
This is another typical story of individual initiative and enterprise, taken from the records of the Chrysler Corporation.



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KEEP ON BUYING VICTORY BONDS

Our Double-Talk Tax Laws

By S. BURTON HEATH

HOW TO DO IT...



THE TENTH IDES of March is approaching since I began writing an annual series of "how to do it" articles telling individual income taxpayers what the law requires of them; how the regulations interpret and apply the law; what of their incomes is taxable; which business expenses and which taxes and which contributions are deductible; how to determine whether they are married in the eyes of the Commissioner of Internal Revenue, and whether an income tax auditor will be satisfied that they are supporting their dependents.

In all of that time there has not been a single year when I could have discharged my obligation by reprinting the previous year's articles. While taxes got ever bigger, each year the public has had to learn new rules for the game.

It is understandable that changing economic conditions, varying national income, government requirements that fluctuate with depressions and wars and booms, should require changes in the tax rate.

There is no defensible excuse why the forms, the rules, the regulations should change every year. Income is income, expenses are expenses from one year's beginning to the next year's end. It seems to me that it is scandalous

IT WOULD NOT be hard to design a simple, logical, equitable income tax law for individuals. Here are some practical suggestions:

1 THE TAX BASE should become gross income minus the legitimate expenses of earning that income, without any further deductions except \$500 for each person supported by the income. (The \$500 per person standard personal exemption now is in the law.)

2 RATE SCHEDULE: There should be a single applicable tax rate schedule graduated like the surtax table. This rate schedule is the only thing in the law that should ever have to be changed.

3 WITHHOLDING TAX should apply, according to tabular rates, against every wage or salary, however large, to cover the entire income tax on that salary, and such withholding should be complete and final so far as the Treasury is concerned.

4 NO RETURN: No one should be required to make any estimate or return, unless he had more than \$100 of income not covered by withholding tax.

5 SIMPLE FORM: For those who did have more than \$100 of untaxed income, there should be a very simple form on which they would report their income, deduct for personal exemptions, compute the tax, and subtract withholdings.

when a service man, away fighting for three years, comes home to make three tax returns each on a different form and under three vitally different laws.

Many facets of income taxation are highly controversial. Some involve social, economic and ideological considerations that grow out of class jealousies and mass desires. Some are partisan and others are unpartisanly political. Some rest upon honest differences of opinion as to mechanics. Into such controversies I do not purpose to inject myself here.

Filing returns too onerous

THERE are important questions of national policy that concern the distribution and the weight of taxes on business—their effect upon the functioning of the capitalistic system. About these my opinions sometimes are positive but seldom are expert. I leave discussion of them to others.

But there are mighty few readers of this publication who do not have to pay a personal income tax, and I suspect that there are almost as few who are not aggrieved as much by the onerousness of the filing process as by the inescapable burden of the tax itself.

It is my thesis here that the personal income tax, at whatever level economic and political considerations may place it, does not have to be a mechanical nightmare. It could and it should be so devised that the only worry, each March 15, would be how to find money to satisfy Uncle Sam's claims.

Indeed, I go further than that. I suggest that the income tax could be made so simple, so scientific, so logical, so equitable that nobody ever would have to file a return on income from wages or salary, or pay to the Collector of Internal Revenue, on account of wages or salary, one penny that ever came into the taxpayer's physical possession or under his genuine control.

It could and should be necessary only for those who receive non-wage income to file and pay taxes on that.

Thanks first to Beardsley Ruml and later to the presumably well meaning saboteurs who bungled the 1943 tax law, we have been making slow but welcome strides toward better income tax practice. Ruml

proposed and sold the idea of paying part of the tax currently, as we earned. The drafters of the 1943 law made it so unbearably complicated that they inspired a public revolt, which forced Congress and the Treasury, in 1944, to take half measures toward simplification.

The greater proportion of taxpayers last year filed their returns rather painlessly, either by using their Withholding Receipts or by utilizing the tax table or the standard deduction with Form 1040. It is safe to assume that a similar proportion is doing likewise this year. Next year, millions will be excused from paying at all, under the law enacted in 1945, and the remainder will continue to have access to the Withholding Receipt, the tax table, the standard deduction.

But let nobody be deceived by this easy-way short-cut. The law has not actually been simplified much. I could make a strong argument that it really is more complicated than ever, except for that one year when the shiftover to current payment was being made.

Faced with a politically dangerous clamor for simplification, Con-

gress and the Treasury shrank from the difficult job of drafting a logical, equitable, understandable law. Instead, they offered a lollypop to taxpayers with incomes under \$5,000, who have most of the votes. They said to these, in effect:

"Let's forget about the nasty old law. What's a little law, anyway, between you voters and us public servants? You just tell us, once a year, what you received, and we'll guess what you owe the Treasury."

"Sure, some of you will be bilked by our guess. If you want to be stubborn, go ahead and figure it out for yourselves, the hard way. But we'll give most of you a rate that is well under what the letter of the law would allow you."

And that is exactly what has happened.

Too complicated for experts

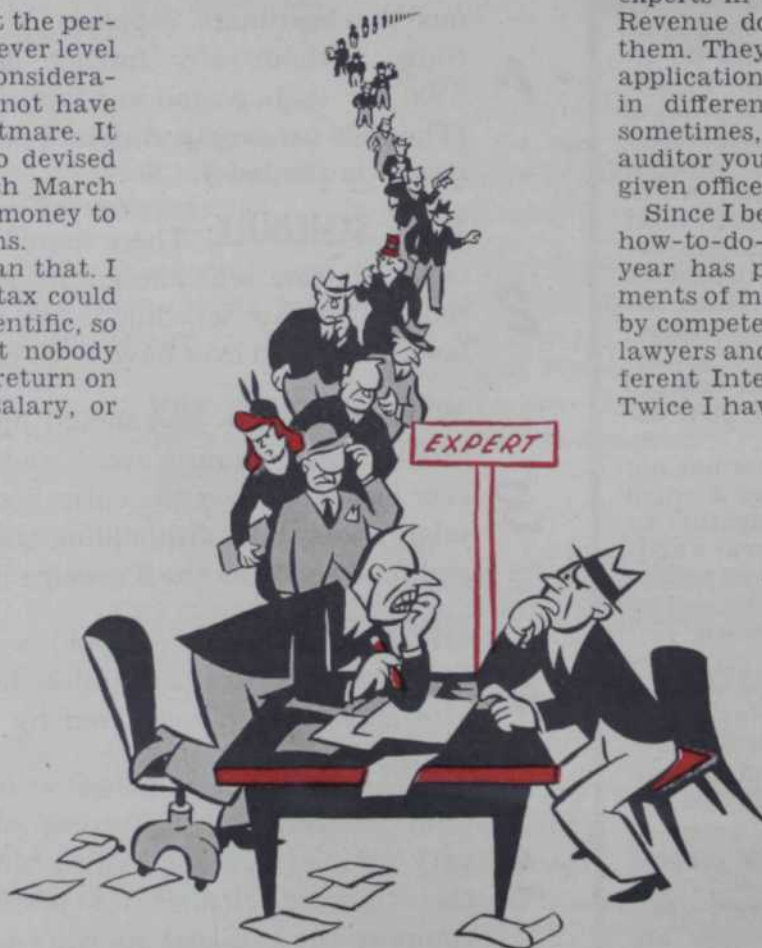
AS interpreted by almost constantly changing opinions and regulations, the tax law specifies in detail what is taxable income and what is not. It indicates categorically what can be deducted and what can not.

The law, the interpretations, the opinions and the regulations are so complicated that high ranking experts in the Bureau of Internal Revenue do not agree on some of them. They are so hazy that their application and enforcement vary in different districts, and even, sometimes, according to which auditor you happen to draw in any given office.

Since I began writing income tax how-to-do-its, I doubt that any year has passed in which statements of mine were not challenged by competent tax accountants and lawyers and by high experts in different Internal Revenue districts. Twice I have been caught in error.

On each occasion my statements had been based upon advice of outstanding Internal Revenue experts, had been read by them and approved in final form, and both times they stood by me until, in time, they learned that they had overlooked or misinterpreted new provisions of our "simplified" tax law.

I am neither blaming nor belittling the experts who advised me and those who challenged their advice. I wonder only
(Cont'd on page 83)



"I wonder when I file my tax return if I'll have to argue with some bewildered auditor"



ASSOCIATED PRESS PHOTO

THE Twilight OF Empire

By JUNIUS B. WOOD

REVOLT and war will be the outcome if the old game of world colonies continues to be played as it has been in the past

PROLOGUE: That durable world drama, "The Passing of the Age of Colonies," reaches its closing scene: "The Twilight of Empire." To slow music, the old governor, identified by a pith helmet and cane, boards the steamer for home. The orchestra swings into a lively march and the carefree natives hot jive into a coconut grove to attend the first meeting of their legislature.

One of our State Department's circulating libraries is on the village square where departed chiefs barbecued unlucky visitors and the fat medicine man has changed his tom-toms for a neon sign. An-



WIDE WORLD PHOTOS

To maintain their rule in India and elsewhere, colonial powers must now resort to force

other backward people, as we call them, has joined the family of nations and will have a voice, possibly a vote, at the conference table squabbles.

Hunting areas for colonies are now staked out at big power conferences and they are called buffer states, mandates, protectorates or trusteeships. For diplomacy, the pith helmet is changed for a silk topper and to nail down the new claim, a machine gun replaces the cane. Self-government will be as incomplete as in any old-time colony.

THE WAR has not ended the age of colonies. It merely shook them up and changed the styles. Colonies in Asia and Africa outgrew their teething rings while nations in Europe were forcibly shoved back into the kindergarten class of self-government. The world has been following the same trend for 3,000 years.

Greece was a great colonizer, 500 years before Christ, but today British Tommies supervise its na-

tional elections. Alexander the Great and the Persians were later imperialists while Rome reached its greatest expansion in the second century. Britain was its outmost colony then, but today Britain is among the claimants for modern Rome's African colonies. Germany was a colonial power even in this generation, but today it is ruled as a colony by four powers. A dozen other countries in Europe have met a similar fate.

Colonial status may raise the living standards of primitive people but lower those of more advanced races forced under the yoke. A col-

onial system is the same, whether imposed on unlettered aborigines or on equals who have been vanquished in war. It nourishes national prides and engenders hatreds though centuries may pass before those hatreds flame into revolt. As its shadow falls again over the culture of Europe, revolt flames in the colonies of the more primitive people in Asia.

Until new lines are drawn on the maps, and the square miles and human beings have been measured again, the colonial changes of World War II cannot be balanced accurately. It may be surprising

that a world survey during the war showed 13,043,973 square miles, or one-fourth of the earth's surface, and 285,536,000 persons, or 13 per cent of the world's population, under colonial rule.

Like other tabulations, conclusions here depend on who compiles the figures. In this tabulation, territories of the United States are figured as colonies, while India, which is a dependency of Great Britain, is not included. If India is added, as its natives insist it should be, 29 per cent of the earth's surface and 31 per cent of its population are in colonies.

British hold most colonies

RATED by the number of subjects ruled, not by the size of areas, the colony-holding nations were, in order: The British Commonwealth, France, Netherlands, Japan, the United States, Belgium, Portugal, Italy, Spain and Denmark.

About one-tenth of the total area which belonged to Italy and Japan is now on the block for redistribution, but not for liberation. France rules colonies 22 times as large as the homeland which it could not defend, or 36 per cent in area and 25 per cent in population of all the colonies in the world.

Under the United Nations' definition of a colony as any area whose people do not possess complete self-government, Alaska, Hawaii, Guam, Samoa, the Philippines, Puerto Rico and the Virgin Islands are colonies. The United States must make periodic reports on its trusteeship to the world organization. No report has yet been requested on Washington, D. C., the national capital whose inhabitants have the highest percentage of literacy of any of the world's non-self-governing colonies.

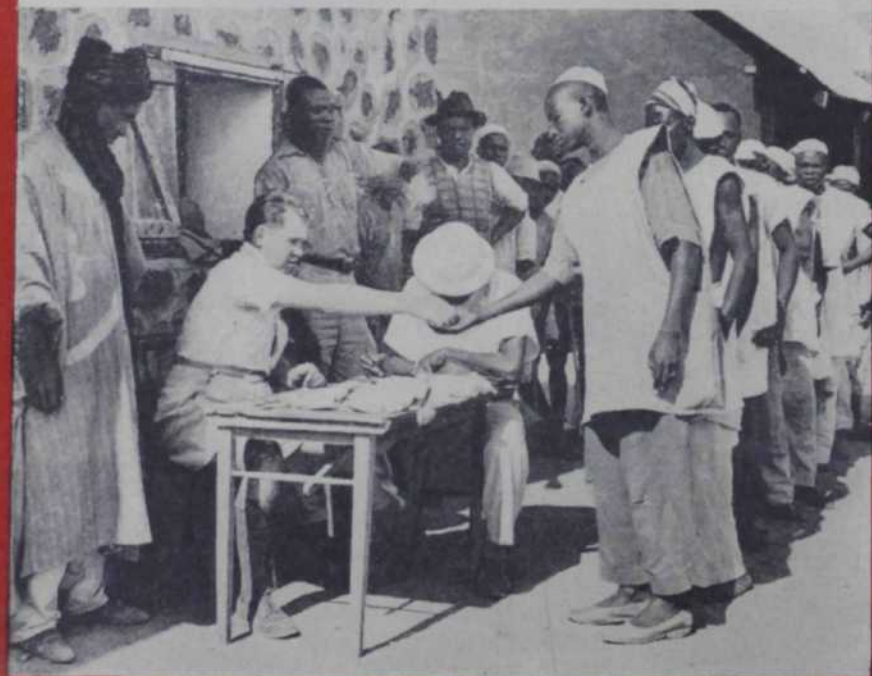
The charter of the world organization as adopted at San Francisco promises little for colonies. That is natural as the rulers, and not the ruled, drafted the charter. It provides that "fundamental human rights" and "the essential human dignity of all people shall be respected—without distinction as to race, sex, language or religion." While such discriminations are frowned on, differences in post office addresses or where colonies are located, are taken into account.

No mention is made of encouraging, or even respecting, any ambitions for independence. That also is natural as only the United States among the big powers is trying to get rid of colonies instead of acquiring more. Democracies can be

(Continued on page 86)



The approved way to run a colony seems to be: Keep wages low, produce raw materials cheaply, and discourage local industry so manufactured goods will be imported from the home country



BRITISH OFFICIAL PHOTOGRAPH

If We Had a Labor Government

By EDWARD KEATING

WHEN I was asked to write this article, I hesitated. I feared it would have too many "ifs."

I don't believe American workers are disposed to organize a Labor party. I certainly hope they don't take that step, because, in my judgment, American workers, by adhering to the policy of "Supporting Our Friends and Defeating Our Enemies," have accomplished more, politically as well as economically, than the workers of any other country.

So this article must necessarily be based on an "if" and a big one. I must attempt to tell the reader what I think a party, sponsored and controlled by the American workers, would do if it came to power as decisively as have similar parties in Great Britain and other countries.

My chief qualification for the task is that for more than 25 years I have been editing a national weekly newspaper for the great Standard Railroad Labor Organizations.

It has an immense circulation in this country and Canada, and, naturally, a flood of letters from readers passes over my desk every week.

They are simple letters, remarkably frank. The writers do not hesitate to tell the editor of their paper what they think about the problems which harass the world, about the remedies suggested and about the men, who, for the moment, find themselves in the seats of the mighty.

Based on that knowledge, plus my intimate contacts with labor leaders and members of the rank and file, I make bold to proceed with my assignment.

I should like to tarry long enough to place special emphasis on a

"SUPPOSE the United States had a Labor Government," we asked a labor editor, "what reforms would be made?" You may not like it but you will want to know his answer

point which the reader must have clearly in mind if he is to understand some of the prophecies I am about to make—

American workers are not Socialists. There are very few Communists among them.

This is in contrast to Britain and other democratic countries, where Labor parties have prevailed at the polls. There the labor movement is committed, in theory at least, to the Marxian principles. In Russia, too, Socialism prevails, but in a more revolutionary form.

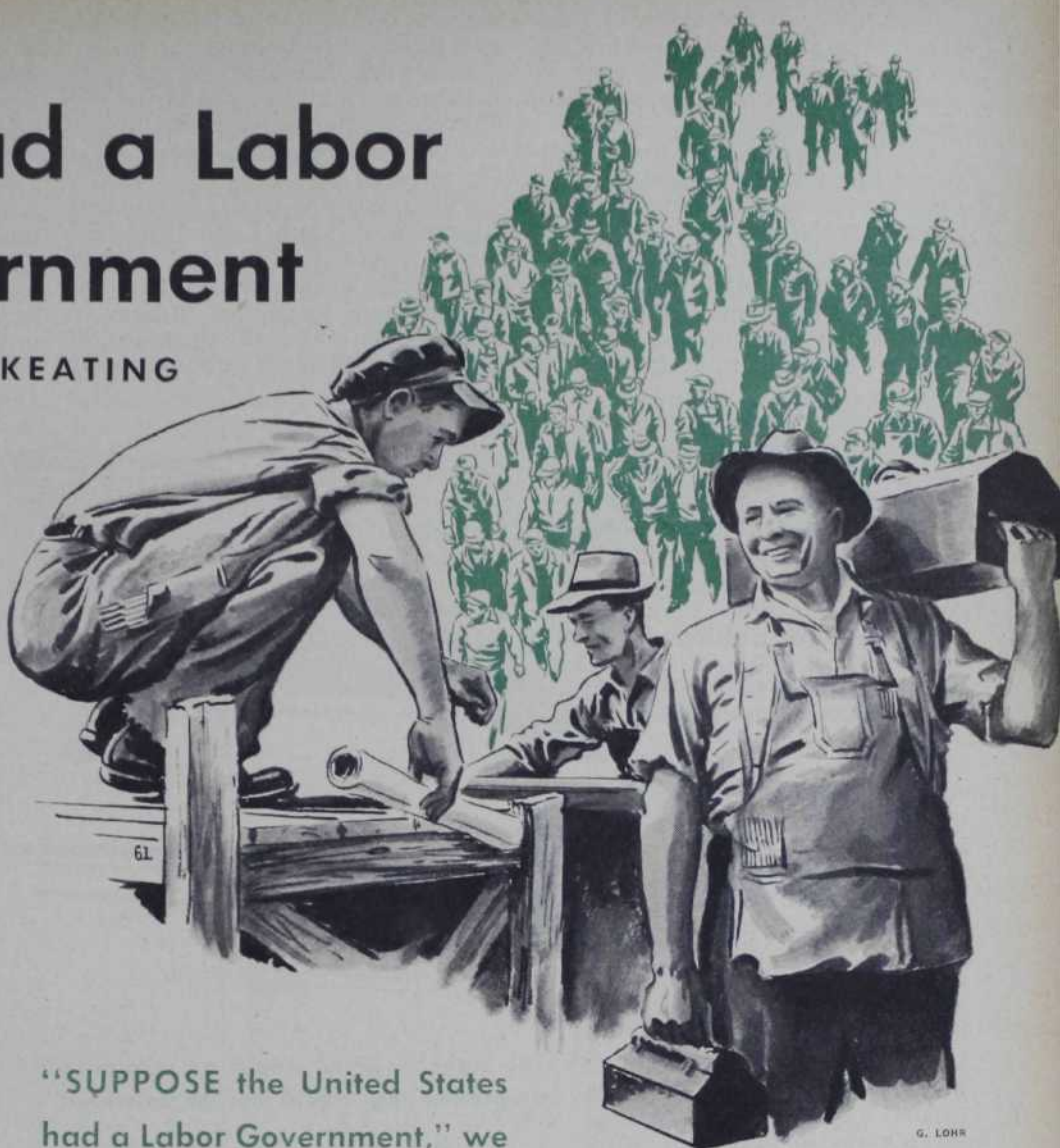
Various reasons might be advanced to explain why Socialism has never got much of a hold on American workers. Plenty of time, money and energy have been devoted to the cause; there has been

devoted leadership; but the results have not been worth while. American workers persist in remaining plain, old-fashioned, democrats—with a small "d."

As for Communism, it is confined largely to the "lunatic fringe" of our "intelligentsia"—men and women who have seldom entered a union hall, but who would like to have the workers supply the money and the votes, while they wield the batons of authority.

Because American workers are not Socialists or Communists, there would be little nationalization of industry and finance if American labor tossed the Old Parties into the discard.

Those in power in Washington can control the banks, and finance generally, through the machinery already in existence. Why guarantee 12 per cent a year on the capital invested, as the British Labor party has just done in the case of the



G. LOHR

"Socialism has never gotten much of a hold on American workers"

stockholders of the Bank of England? Why nationalize a lot of decrepit industries, just to give an already overburdened government something to run?

Don't misunderstand me. American workers are not opposed to all phases of government ownership.

After the First World War they championed a proposal to nationalize our railroads. Personally, I was in favor of the idea. However, that issue was settled when Congress insisted on returning the carriers to their owners.

American workers enthusiastically supported Senator Norris in his power program. They regard with pride the accomplishments of the TVA and Rural Electrification. They would favor similar proposals in other areas.

Big jobs for public

ONLY the Government is capable of putting over projects of that kind. They do not involve destructive competition with free enterprise.

On the contrary, they are calculated to stimulate free enterprise as is shown by the fact that, at this moment, big power companies, which never paid much attention to the problem of getting electricity to our farms, are spending large sums to take over the Rural Electrification "co-ops."

In the beginning, at least, the American workers would trust to regulation to get the results desired and concentrate on more immediate problems.

"First things first," Franklin D. Roosevelt was fond of saying, although he did not always follow his own advice.

The first task of a Labor Government would be to improve the living standards of our people and more particularly the industrial workers and the farmers.

Labor would display a keen and, I trust, an intelligent interest in agriculture. It would take steps to divide big landholdings into family-sized farms and thus make it possible for farmers to own the land they cultivate.

Speculation in the products of the farm would be prohibited and farmers would be encouraged to market their crops through co-operatives, owned and managed by themselves.

This would eliminate the middleman. The exorbitant profits he

pockets now would go to the farmers, where they belong.

In a word, Labor would insist on making agriculture a pillar of the Temple of Democracy. Without a prosperous agriculture, none of us can prosper.

Pursuing its policy of "first things first," the Labor Government would fix minimum wage standards which would lift the "submerged third" of American workers to a decent standard of living. No "chiseling" would be per-



"The right to profit would be recognized but profiteering would not be tolerated"

mitted. A business which pleaded it could not afford to pay a living wage would go out of existence.

The six-hour day would probably be established early in the administration.

The right of workers to join the union of their choice, without interference from the employer, would be fully recognized and enforced.

Wages set by bargaining

THE right of a worker to quit work, whenever conditions became intolerable, would be recognized without question.

Wages and working conditions would be determined through "collective bargaining," and government interference would be reduced to a minimum.

Organized labor has always contended that the American way is for managers and employees to adjust across the conference table the disputes or misunderstandings bound to arise so long as we stick to the ways of democracy.

The Labor Government's role would be to stand by, glad to extend its good offices when a controversy got out of hand, but always in such a way as to merit the confidence of both sides.

This program would work under a Labor Government, because its policy would aim at prosperity for all groups. With agriculture and labor prosperous, business would be prosperous as a matter of course.

American workers are not "class conscious." Therefore, under a Labor Government there would be no "class wars."

The right of business to decent and even generous profits would be recognized, but gross profiteering, in which some business men are indulging today, would not be tolerated.

Honest business would be protected from the wolves who prey on consumers and competitors alike. The Labor Government would not be content to impose inconsequential fines on these criminals. They would be sent to prison, after being stripped of the last penny of their ill-gotten gains.

Fair field for all

IT follows that monopolies would be wiped out. "Free enterprise" should mean a fair field for all. Under that stimulus, American business could face the world with confidence.

It all adds up to this: American labor believes business men are best qualified to look after business; that the great majority of business men are as honest and patriotic as the members of trade unions; and that the unsocial or criminal minority should not be permitted to loot the rest of us.

Some people may call that "radical," but most Americans will, I believe, heartily approve the doctrine.

A Labor Government would take the position that every American, able and willing to work, is entitled to a job and that, if private enterprise cannot supply the necessary number of jobs, the Government should step in with a program of wealth-creating projects.

Yes, that means full employment. It doesn't mean Communism or Fascism. In fact, it is the most effective preventive for those two great evils ever devised.

Business men should be enthusiastic advocates of the idea. They

will be if they ever have a chance to see how it works. Business is good or bad according to the rise or fall of consumer income. When his customers are poor, the business man is poor. When his customers have money, the business man's bank account begins to swell.

Some senator has said that "full employment" must be a terrible thing because he found some reference to it in the constitution of the Soviet republics.

I have never read that document. It probably includes a good many things I would disapprove, but it must have some good features, and I don't see why we should run away from those good features just because the Russians have been smart enough to write them into their constitution.

The Labor Government, being made up of straight-thinking men—the kind who would not become panicky in the presence of a new idea—would handle unemployment with the common sense characteristic of workers and farmers.

More housing wanted

A LABOR Government would give immediate attention to housing. It would go on the theory that every American should have a chance to acquire a reasonably comfortable home, with a little plot of ground where his wife could grow a few flowers and his "kids" could play.

In this, the richest of all countries, that is impossible today. Even public officials who should know better talk about \$10,000 homes for workers. Of course, not one American worker in a hundred can afford to pay such a price.

A Labor Government would remedy that. It would clean out the slums, either by placing a heavy tax on those wretched places, so as to make them unprofitable, or by buying the land and then constructing homes—not barracks, but structures with a touch of beauty.

Maybe these houses would not pay for themselves, but the chances are they would. In any event, the Labor Government would achieve a reform which would merit the blessings of heaven.

Thus far, our Labor Government has taken care of the farmer, demonstrated to the honest business man that he has no reason to get excited and raised the standard of living of the workers, providing them with jobs, under union conditions, food and clothing at reasonable prices, and homes that

would contribute to the self-respect of their occupants.

No one has been robbed; no one has been shot, and Old Glory still floats over the Capitol.

But the Labor Government has other things to do—education, for example. A Labor Government would feel that illiteracy anywhere in the land should cause all of us to hide our heads in shame. Every child would be given a chance to go to school—the right kind of school, warm, comfortable buildings, competent teachers, playgrounds that would gladden the heart of youth.

There would be no limit except capacity to absorb. The road would be wide open to top-flight university courses. If the child demonstrated he had what it takes, the Government would see that all barriers were removed.

Those youngsters who preferred the mechanical trades or other callings, would be afforded the op-

with no distasteful "means test," and with a pension which would rob old age of most of its terrors.

Now we come to a ticklish problem, but one which a Labor Government would not attempt to dodge.

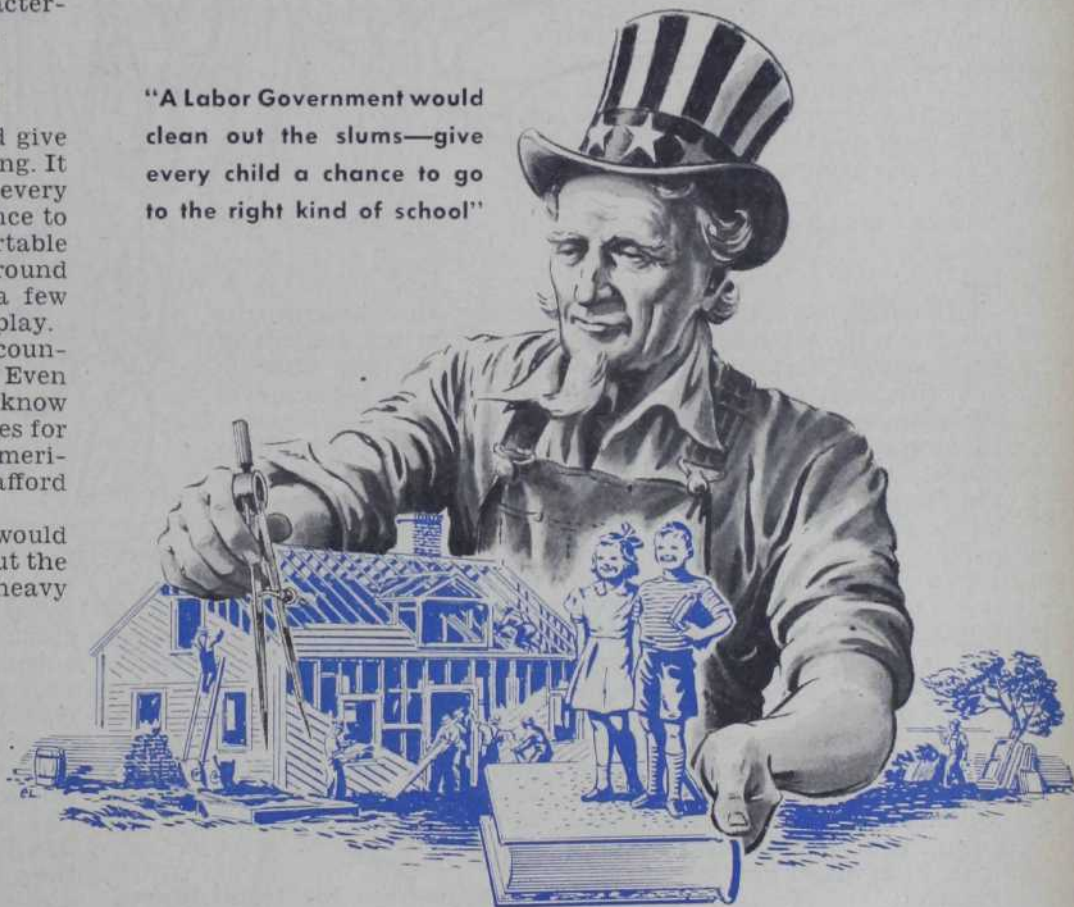
How can a worker, even if he draws the highest union wage, get for himself and his family the medical care to which human beings are entitled?

"Socialized medicine"

MOST of the physicians will reply: "We are doing a good job now. We don't want to be regimented. We will die in our tracks before we submit to 'socialized medicine.'"

I have profound respect for medical men. I would not be writing this article if devoted doctors had not ministered to me. Their skill was adequate to save my life. Their charges were reasonable.

"A Labor Government would clean out the slums—give every child a chance to go to the right kind of school"



portunity for the best of training, but no child would be permitted to work for hire before he was 18. Thus a Labor Government would try to fill the country with well nourished, well trained youngsters, equipped to play the role of citizens in a great democracy.

At the other end of the line, a Labor Government would give all citizens a chance to retire at 60,

But we must face the fact that millions of Americans don't earn enough to enable them to pay for medical care. They can go to some clinic, but, being Americans, they shrink from dropping to the status of paupers. What are we to do about these people?

A Labor Government would face the problem boldly. It would try to
(Continued on page 107)

High Jinks



"THE GREATEST ENEMY of Irish freedom is the English dinner napkin," wrote Charles Stewart Parnell, the great Irish leader of the Victorian era. The austere Protestant who so nearly nudged his country to the brink of liberation, for years imposed an iron discipline upon his turbulent Irish party.

Parnell was suspicious not merely of the damask allurements of England's great houses which then and later so effortlessly gathered the scalps of battlers against the *status quo*. He preferred that his followers even avoid the terrace of the House of Commons where members of Parliament traditionally succor their larynxes with a cup of tea. You cannot dislike a man with whom you sup, warned Parnell.

A Parnell today in Washington would probably be picketed by the serried ranks of society, business, diplomacy, politics and the fourth estate. He would be lucky to get off that lightly. A scotch-and-soda tide laps the borders of this democratic capital. Its purveyors nip off a privilege here, a deal there, a treaty elsewhere. The guardians of the gate—Congress, the White

House, the departments—vary in the amount of resistance they offer to the tide; the personnel of the tide-makers—lobbyists, diplomats, politicians—comes and goes. But the social deep always rolls round with many voices.

Washington shares none of Parnell's doubts regarding the art of hospitality as oil for the lamps of government. Washington is sociable. The social game is a respectable vested interest. Furthermore it's "big business." Come one, come all, to the cocktail party, the tea and the seated dinner. Meet the statesmen and grease your path to fame and fortune with a dry martini.

People from the small towns

THE actual brilliance of Washington society is as a rule overrated. After all, the power and privilege stakes are held by those who are running the country at the time, men from Missouri and from those other 47 states whose names escape one in the current administration.

One gifted newspaperwoman confided that, on arrival, she al-

most feared to undertake her duties. She had read of the glittering scene, the charming women, the enchanting men, the wits, the glamorous gowns, and she felt inadequate. Finally she plucked up courage to dine out and discovered that her much-touted betters were mostly from Main Street and not some never-never land near Shangri-La. True the diplomats had the lure of strangeness but that was mostly accent; surprisingly often they, too, proved to be big butter-and-egg men turned diplomat. Foreign male diplomats do have one advantage over their American counterparts; they have official uniforms, very fancy, which make them resemble birds in the mating season. Women go for it.

Of course with \$1,000,000 you can get some handsome effects and many times that sum is spent annually for social luster. A private house here large enough for enter-

are Serious Business

By DORIS FLEESON

AT Washington's gay parties, teas and dinners, you meet statesmen and other people of importance, and pave the path to fame

taining costs \$50,000 rock-bottom and there are few at that price. The Embassies represent much larger sums. The British have a small rancho on Massachusetts Avenue on which they have erected a Georgian pile with marble halls

that amounts to a ritz hotel. It is worth millions. The French have just paid \$400,000 for a mansion. Adjoining land was extra. Even a small legation can hardly get by with a house costing less than \$500 a month unfurnished. The cost of furnishings for these chateaux speaks for itself.

The grocery and liquor bills nat-

urally follow the party curve but caterers' prices afford a clue. For food and service only, a caterer charges \$1.50 per person for a reception, \$2.50 for a cocktail party and from \$6 up for a dinner. Cocktails and receptions are rarely given for less than 100, seated dinners for 50 are common.

Flowers are extra. A good florist will decorate a cocktail party for \$100, receptions start at \$250 and a large dinner can be done for \$500.

These figures do not include the big item—the potables. If and when you can get it, a case of Scotch at \$75 is a bargain and other prices follow suit. The diplomats get a break here; they pay no duty on imported vintages. Even so the floods necessary to assuage the thirsts of their thousands of guests mean money by any standard.

The immense amount of enter-



RALPH PATTERSON

taining accounts in part for the fact that Washington has the biggest *per capita* liquor consumption in the Union. This distinction is a source of grief to Washingtonians, for the most part a sober, rather serious, lot. They blame it on officialdom and visiting firemen and there is certainly much justice to the alibi.

Hotel entertaining of which there is a great deal is probably, considering all the problems incident to private entertaining, the best social buy in town. The experienced hostesses take care of everything except the morning-after aspirin and the check.

Their prices start at \$1.50 a person for cocktail food and service with cocktails charged as consumed. They estimate the average guest drinks at least \$2 worth of free (to him) liquor before he can tear himself away. Dinner starts at \$4, normally runs to \$6 or \$7. Liquor and flowers extra and a ten per cent tip for the waiters.

Customers for rental clothes

DRESS suit rental emporia also hit the high brackets here. Gentlemen who have been taking too many second helpings; moth victims and the underprivileged who just don't own a dress suit can receive first aid for a modest fee. The physical benefits of close order drill have also brought the renters a postwar customer as yet unable to buy new clothes.

Florists ply a brisk trade. Their artistry is taken for granted until the Daughters of the American Revolution converge on the Capital with the apparent aim of seeing how many orchids the feminine bosom can support at one time. One year Mrs. Roosevelt who is nearly six feet tall and amply built had to hold her DAR gift corsage in her hand; the intended foundation was simply not adequate.

Everybody knows that the sky is the limit when madame decides to enhance her personal charms at a party where she can be seen and compared. Curiously, while many diplomatic women are beautifully gowned (Paris chiefly), as are a comparatively small social group, Washington women are on the whole inferior in smartness and grooming to those of smaller American cities such as San Francisco, Dallas and Kansas City. Despite all the entertaining there are no famed shops here. Women go in for white shoes, flowered dresses, fluttery pink and blue. As a perhaps beneficial result, slacks have not yet made the city streets.

Lt. Gen. Lucius Clay, General

Eisenhower's chief assistant in the occupation of Germany, complained bitterly to this correspondent that, in laying out the new government buildings and Mall, the city planners did not include a beautiful avenue for elegant shops—an American *Rue de la Paix*. Then a mere and disregarded Major, Clay argued this would not only lend glamour to the nation's expanding capital but would actually serve it, at the same time nourishing the nation's business.

White House leads society

IN THE social structure supported on this firm commercial basis, the White House *ex officio* holds first place; the diplomats lead in glamour; the vanishing tribe of Washington elite (the cliff dwellers) represents exclusiveness and the lobbyists inclusiveness. The politicians comprise the guest list.

The extent to which the White House influences social trends naturally depends on the tastes and interests of the then occupants. Mrs. William Howard Taft is rated the last First Lady to enjoy society as such. All carry on traditional hospitality, some more lavishly than others. The Hoovers, having private means, entertained often and elegantly; the Coolidges didn't.

Under the Roosevelts the White House was Grand Hotel. They added press parties to the usual list. Mrs. Roosevelt brought all kinds of people to all kinds of occasions. The children, numerous kinfolk, needy and other friends, jammed the not too ample residence to the eaves. The President, who liked dry martinis, amusing people, children and pretty women, joined in the fun.

With the Trumans—father, mother, one daughter and few relations—the old house is resting. They have discharged part of the servants and cut the social schedule as they have no private means and surtaxes cruelly pare his ostensibly good salary and allowances. According to John Fisher of *Harper's*, one White House staffer put it: "When the Roosevelts were here, every day was Christmas. Now it's Tuesday."

The Trumans, however, go out to the homes of friends and their official family a great deal more than any recent predecessors. The President is a gregarious fellow who dislikes the White House stateliness and formality; cosiness is his metier. Margaret, a Pi Phi at George Washington University, keeps up with her college social life which, as every parent knows, is extensive.

President Truman will make no social display. He is not attracted to big names and fame; he is not likely to bring splurgers to Washington. If times should worsen he will probably order his people to trim social sail.

Diplomatic society is not what it was in the old days. The British, once the leaders, are keeping their heads down. The combination of a Labor government and the projected \$3,750,000,000 loan discourages the social virus to which, in any case, Lord and Lady Halifax are not susceptible. The British, however, keep their doors open to people of influence quietly and adroitly. They are well infiltrated into the top levels of American life and they know how to keep their place warm. They can entertain at all but very large affairs with little public notice as their Embassy has practically hotel facilities.

The British Dominions incidentally are moving in on the mother country. New Zealand is the latest to open her own legation here—with, of course, a large reception.

Russians entertain on the left

THE Russians play hard-to-get like the British but in a different way. They go down the official line and then invite their leftish friends. The British test is whether you can be useful; they glide over other details, being normally expert at the art of pleasing. But, if you don't care for Stalin and have said so, you are unlikely, no matter what your riches, power and pelf, to tear herrings with the representatives of the USSR.

When the Russians first reopened the old Czarist Embassy in the 16th Street mansion built by Pullman millions for his daughter, Mrs. Frank Lowden, they showed the capitalists how. Their decor was dazzling and the guests shoveled in the caviar with teaspoons. Since the war a morsel on half a hard-boiled egg is the rule, but the vodka remains ample.

The diplomats who have the problems are those from less powerful countries which need American aid. They are damned if they do and damned if they don't. Their job is to win friends and influence people. Beneficiaries of lend-lease and UNRRA, they are aware that public opinion will question their social expenditures.

But they know from experience that the social lobby gets results. Most of them plunge and hope for the best. They don't always get it. Both the French and Chinese gave receptions last fall. Fearful of hurt

(Continued on page 91)

Firm with Home-town Pride

By DONN LAYNE

LIKE an individual, a corporation must live in a community, and is judged by its conduct. Caterpillar Tractor has worked out a way to be neighborly and finds it pays

A TROOP of Peoria, Ill., Boy Scouts were sweating over picks and shovels in an effort to convert a vacant lot into a baseball diamond. It was slow going and the results not very satisfactory. Pleased with any interruption that offered an excuse to lean on their implements, they paused to watch a bulldozer rumble purposefully down the street.

Their joy was obvious when the monster swung into their vacant lot, halted long enough to find out what needed to be done and then made speedy work of doing it.

Caterpillar Tractor's Community Relations Division was demonstrating that a corporation can be a good neighbor.

"That's our job," says Fred R. Jolly, assistant director of the division. "We find out what we as a corporation can do to be a good neighbor. Then we do it. Practically everyone knows the value of good

labor relations, industrial relations and public relations. We think good community relations are important, too."

In fact, Caterpillar believes that the affairs and problems of the communities in its vicinity—it has some 18,000 employees coming from more than 100 different towns and villages, some 25 or 30 miles away—would be, both directly and indirectly, of some concern to them. The theory is based on the observation that what is bad for a community is bad for its citizens—and as the company employs about 25 per cent of the usable local labor supply—it follows that what is bad for the citizens is bad for its employees and, thus, is also bad for Caterpillar.

Caterpillar officials have long known that the people in and near Peoria want to know about local industries, want to feel that such industries are interested in the community. Further, company officers realize that it is not logical to expect the people of any commu-



The bulldozer swung into the lot and made speedy work of transforming it into a baseball field for the kids

nity to take a real interest in Caterpillar if the company shows no interest in them. If there is to be a healthy atmosphere, where everyone prospers, company and community must understand each other. This is why the management likes to have company personnel participate in community affairs.

Participation in local groups

THERE is no official mandate or regulation, but no small number of Caterpillar men and women participate in the activities of such organizations as the Boy Scouts, YMCA, Girl Scouts. Others serve with civic groups, such as public health, labor, recreational, farm, parent-teacher. The management encourages these individuals to tell it of their outside activities and suggest ways in which Caterpillar may serve the organizations in which they are concerned.

Some 20 months ago the Community Relations Division was organized to bring all the com-

Education, and cochairman of the Peoria Conference on Education, Labor and Business, as well as an active member of the local Clergy, Labor and Industry Discussion Group.

With Fred Jolly and Robert Culshaw, community relations representative, his job is to see that Caterpillar pulls its weight as a "citizen." Since Caterpillar weighs a lot—its plant buildings cover 80 acres—that takes a lot of pulling in many directions.

For instance: There is a mailing list of almost 6,000 local business, labor, education and church leaders who receive the *Caterpillar Magazine*, the company year book, and other literature of possible interest. To them went the booklet explaining the company's rehabilitation program, the success of which prompted the idea for the popular "Peoria Plan." The company's medical director, Dr. Harold A. Vonachen, who has been deeply interested in the problems of the physically handicapped for years, originated the idea.

The division also keeps careful

simply to listen and to answer questions.

To acquaint community leaders with the company, its people and management, the division makes arrangements for them to see the factory, visit with executives and have lunch. Small groups are preferred so that all present can get to know each other. Last year Caterpillar played host to some 300 men and women. More than 50 of the 189 ministers in the community have been guests—as well as school teachers, members of the Grange, Lions' Club, American Legion and other organizations.

The division also arranges talks and programs for churches, civic organizations, clubs and schools, bringing to their audiences good company speakers and providing films, projection facilities and operators. Such affairs number as many as ten and 12 a week.

There is an art exhibit, too. It's a special three-unit display of the original art work used in Caterpillar's national advertising during the war. Because the originals were done by top-notch artists—men like Robert Riggs, Peter Helck, Amos Sewell, James R. Gingham, Ben Stahl, Matt Clark—the exhibit is of special interest to art students. Most of the schools and colleges of Peoria, Pekin and Decatur displayed it. So did banks and large department stores.

The company's showroom windows and the sides of its trucks are devoted to community advertising—for Red Cross, Community Fund and other local activities.

Equipment for local use

FOR various local projects, company products, facilities and equipment are lent. Recently, local CIO leaders were somewhat surprised when they were offered one of the company's DW-10 tractors—a big rubber-tired job—to haul their float in the Labor Day parade.

During the big spring flood of '43, when the Illinois River rose more than 28 feet above normal, the Army and Navy both had conniption fits over the possibility of high water flooding the Caterpillar plant and stopping production. To hold back the waters, they sent sandbags and men down to Peoria by the thousands—including military police and engineers. They were determined that "ole man river" should not be permitted to halt the flow of tractors and engines. But company officials were just as much concerned over the welfare of their neighbors and town folks ("Homes had to be kept

"Our hamburgers are as big as they've always been—all six-ounce servings"



munity contacts under a central organization, with Leonard J. Fletcher as Director of Training and Community Relations. In addition, Mr. Fletcher is chairman of the Agricultural-Industry Relations Committee, and a director of the Illinois State Chamber of Commerce. He is also a member of the National Chamber's Committee on

record of the accomplishments of various local leaders. When they do something outstanding, company officials send personal congratulatory letters.

Each week the division selects two of the company's 50 top men to attend City Council meetings to indicate Caterpillar's interest in good city government. They attend

dry, too," they said); and so some 15,000 Caterpillar employees volunteered to work around the clock—not only to help keep the plant from being flooded but also to keep back the waters from neighboring towns and villages.

Each year, Caterpillar gets requests for donations from more than 100 charitable organizations. The Community Relations Division carefully reviews each request, and makes recommendations to management. Whether or not a gift is granted, the effort to *make friends* continues.

A good press

"YOU know the value of good publicity," Mr. Culshaw pointed out, "and you know what happens to most all publicity releases—they end up in the wastebasket. Well, last year we sent out 546 releases to the local press and radio. Not counting all the papers or any of the radio stations, just two of the papers—the Pekin and Peoria papers—devoted more than 4,000 column-inches to more than 900 Caterpillar stories of community interest. Not bad, eh?"

"Some people," says Mr. Fletcher, "feel that we are going altruistic in our community relations. We're not. It's simply self-interest."

The good neighbor spirit pays dividends.

Not so long ago, for instance, a stranger phoned Mr. Fletcher to say that, at a party, he had heard a woman say that Caterpillar had cut down the size of the hamburgers served in the company restaurant and had made more than \$100,000 last year by charging employees too much for skimpy meals.

Mr. Fletcher thanked him for calling and asked if he would like to get in touch with the lady and a few others—make up a small group—and go out to Caterpillar and have lunch with him. The caller said he would try.

Within a few days they arrived at the plant. After lunch, Mr. Fletcher introduced them to Pearl Tullett, the restaurant manager, and said:

"Pearl, there's some talk that you've cut down the size of the servings here, particularly hamburgers, and that Caterpillar made

a \$100,000 profit from the restaurant. Is there anything to it?"

Pearl said: "No, indeed, Mr. Fletcher. We have the same-sized servings now that we always had. Our hamburgers are all six-ounce servings. Last year the restaurant spent \$100,000 more than it took in."

Then one of the visitors asked:



One of the men pulled out a large roll of paper, a petition with 500 names, to finish the bridge

"You mean that the company lost \$100,000 feeding its workers last year?"

"We don't think of it as a loss," Pearl said. "If your husband gave you a fur coat costing \$1,000, he wouldn't say he had lost \$1,000, would he?"

The rumor that the cafeteria was skimping was spiked.

Interest in a bridge

THEN, there was the farmer who called Mr. Fletcher.

"You may not remember me," he said, "but I met you a couple of years ago when I was a member of that industry-agricultural conference group. I'm calling to tell you what a neighbor of mine has just told me."

He went on to say that his neighbor—the farmer lived about 15 miles north of Peoria—had said that Caterpillar was opposed to the completion of the new North Side Bridge because it would permit workers living to the north of it to drive directly into the city, instead of first having to drive south and

pass by the plant on their way to town. The rumor said the company was afraid of losing some of its employees to other industries closer home. Further, that Caterpillar had kicked about using so much steel to finish a bridge when steel was scarce.

Again Mr. Fletcher invited the farmer to ask his neighbor—and a few others who might be interested—to make a visit to the plant. In about a week five of them were sitting at a luncheon table with Mr. Fletcher.

Not much was said about the bridge until the party had left the dining room and returned to Mr. Fletcher's office. There they got out the correspondence file relative to the bridge. It showed that the company favored the early completion of the bridge; and had, in fact, urged all officials con-

cerned—the governor, and state, federal, county and city officials—to do everything in their power to help finish it. The company also offered to help in any way possible to speed the work on the bridge.

As the group was leaving, one of the men pulled out a large roll of paper and handed it to Mr.

Fletcher. It was a petition to finish the bridge—with 500 names on it. If it could be of any help, the company was welcome to it, he said. The man also apologized for saying that Caterpillar had been against the bridge.

"False rumors are so easy for people to start," remarked Mr. Fletcher, "and they can hurt individual and corporation alike; but when either have friends—honest friends—rumors seldom get a chance to snowball into alarming proportions.

"American business," he continued, "wants to be understood. The men who put in long hours guiding industry would like nothing better than to know their tasks were understood by others. With such understanding, industry would gain friends, for people are far less likely to dislike those they know than those they do not.

"Yet many of these same business men are entirely unaware of the attacks now being made on industry's way of doing business—and on industry's goals—both of

(Continued on page 76)

The News Cauldron of

DURING ONE of the darker periods of the war, a British and an American army officer were flying over the Burma hump together. The Britisher was considerably interested in the fact that the American was from Washington.

"Tell me, Old Chap," he said, "do you know the National Press Club?"

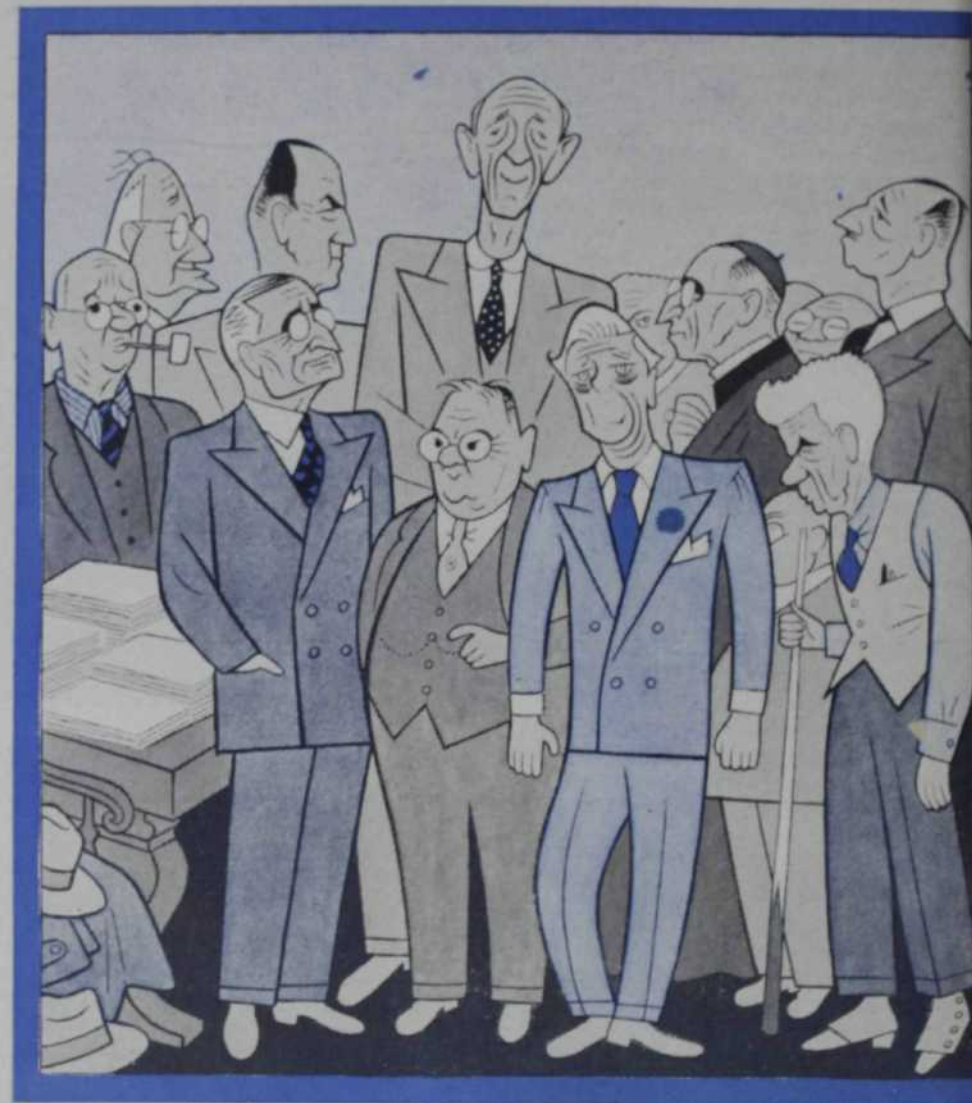
When the American replied that he knew it very well, indeed, the Britisher went on:

"Tell me, whatever became of that chap who could drink a highball while standing on his head?"

For the Britisher's information, the man of this unusual accomplishment was also off at war. Furthermore, this is only one of the minor abilities of this unusual institution's unusual membership. Among its more than 3,000 resident and non-resident members are those who can—and every day at luncheon or during the cocktail period do—settle all the world's problems though, in common with the world statesmen themselves, some of them have difficulty with such basic social units as their own families. At the height of his power, Napoleon, it will be recalled, had similar trouble.

On any average day, the club sees the world's top-notch journalists—some of them just in from the four points of the globe—and their statesmen, military, industrialist and labor leader guests. The world's most intimate affairs and the lives of those who conduct them are laid out naked and dissected. An idea or a rumor conceived here is likely to travel all over the world and not infrequently land in a speech by a congressman or a member of the House of Commons and return to its surprised originator before the day is out.

Wars and rumors of wars, revolutions, tumbling thrones, strikes, famine and disease, multibillion dollar financing, startling discoveries in medical and physical science—the whole gamut of human endeavor—is the day's trivia to these men. Just as the New York Stock Exchange is the greatest and freest market in the world for stocks and bonds here is the great-



est and freest exchange of information and ideas. No more impressive citadel of democracy exists.

Notables have been examined

THE world's notables have spoken before and been wine and dined by the National Press Club. At its off-the-record luncheons, high government officials, foreign ministers and potentates have talked frankly of their problems, their hopes and ambitions, and subjected themselves to searching questioning without fear that their utterances would leave the room. It is to this rostrum that newly appointed ambassadors come almost as soon as they have unpacked their bags to be analyzed and appraised by the greatest collection

of molders of public opinion in the world. Here, too, come the industrialists, bankers and labor leaders engaged in controversy, to plead their side of the case. To dinner, once a year, comes the President of the United States.

Earl Browder, when he was head of the Communist party in this country, faced the off-the-record luncheon grilling and afterwards at the bar downed straight whisky so fast as to startle the club's president, a very temperate man. When Pierre Laval appeared in 1930, the club members quickly appraised him as a crafty politician and were not at all surprised at his future course in history. Regardless of how popular a visitor's views may be, or the cause he is espousing, he is treated with courtesy and given

the World

By CARLISLE BARGERON



NO greater center of free speech exists than the National Press Club, whose members cover the Capital, settle world problems at lunch—and retain their sense of humor

his say. He is questioned penetratingly but without harangue or argument.

The older members and attendants feel a particular intimacy with Pope Pius XII. When he visited this country several years ago as Cardinal Pacelli, he attended a Club luncheon and spoke in English. When he was elected to the Papacy, waiters at the Club made no effort to disguise their

elation. For several days they kept saying:

"I am sho' glad he got it. He's such a grand gentleman."

As they have been the springboard, so the Club's luncheons have been the Waterloo of public men, including aspirants to the Presidency. Wendell Willkie, in his appearance in early 1940, got a tremendous lift toward the Republican Presidential nomination. In

1944 John W. Bricker fared not so well. His advance man, inexperienced in the pitfalls of Washington, got him off to a bad start the night before. Seeking to be the good fellow in the taproom, he ran into some of the irreverent minds with which the Club abounds. One of them with a perfect deadpan said:

"My worry is that your candidate won't stand up so well with Stalin and Churchill."

"Oh, he will predominate them," the advance man said eagerly.

It didn't take long for that to spread. It tended to ridicule Bricker's candidacy.

Moreover the Club's informality, tolerance and democracy has made its impress on some of the notable visitors. Lord Halifax, upon

his appointment as the British ambassador, was characterized by a sizable portion of the American press, at least, as austere and unapproachable. Far from fitting this description, he has come to be one of the most informal and popular visitors of the Club and he seems to have carried these attributes in his travels around the country. Whether he was wrongly characterized at first, or whether the Club's atmosphere changed him is not clear, but it is certainly at the Club that the unfavorable characterization was first dissipated.

Ethics are stressed

THE Washington corps of journalists prides itself on its ethics. They are not the harum-scarum police reporter type portrayed by Hollywood. They are mostly responsible men with incomes ranging from \$5,000 to \$100,000 a year. In addition, there are in the Club as associate members, the confidential Washington representatives of industry as well as of labor, whose business is to know and report what is going on. They, too, mold public opinion, very influential opinion, in fact.

The Duke of Windsor has visited the Club several times, but a few years ago when he came to Washington with Wally in a doubtful mood as to how he would be received, he was so gratified at a reception the Club gave them, that he wrote the president three letters of appreciation. A few years before that, the members had stood before the radio to hear him renounce his throne, and several near fist fights ensued in arguments over whether he had done right or wrong.

After Pearl Harbor and at a time when the Japs had swept over Singapore, the Malayas, the Dutch Indies, Hong Kong and were threatening Australia, the Club celebrated British Empire Day with an open house for all members of the British official set in Washington. A British officer wryly suggested that the Japs should be invited because they had the Empire, and everybody hooted at the joke.

At this reception, a playful member, writing on club stationery to an Irish member who had never called off the revolution, suggested that, while he appreciated his deep animosity toward the British, he thought that in these dark days the Irishman should join in honoring the British visitors and serve on the reception committee.

The Irish member showed up in good faith determined to be an ultra-gracious host. From his station at the door, he insisted that every visitor first join him in a drink. After three hours, he encountered a guest with whom he had served in the First World War. Long after the other guests, including Lord Halifax, had left, he and the limey were crying and lustily singing: "There'll always be an England." The British-hating Irishman, usually temperate, was sick for a week.

Beginning with William Howard Taft, every President of the United States has been a member of the Club, as have many members of the Supreme Court, Cabinet officials, Senators and Congressmen. Its active membership embraces British, French, Russian, Chinese and other foreign journalists. Before Pearl Harbor, the correspondent for Domei, the Japanese news agency, was a member, as was Kurt Sells of the official German news agency. Lawrence Tood, correspondent for *Tass*, the official Russian agency, and Sir Wilnot Lewis, of the *London Times*, are two of the oldest members.

Mussolini was kept out

MUSSOLINI, a newspaperman himself, failed to make the grade. In the '20's when many Americans were appreciative of the Italian dictator's ability to make the trains run on time, one of Will Hays' representatives, a member of the Club, asked Mussolini if he wouldn't like to be a member of Washington's famous newspaper club. Mussolini said yes. Returning to this country the American proposed Il Duce. The board members put him through at their first meeting. The president cabled Mussolini that the Club was delighted to accept his application.

However, after the board has passed a member he must be posted for 15 days. A group of young liberals hit the ceiling. A controversy can get under way in the Club as easily as a storm can brew in Medicine Hat. Within a few days, the liberals had brought about a full meeting of the membership and the board's acceptance of Mussolini was overturned.

The objection was that Mussolini, although a former newspaperman, had suppressed freedom of speech. The president had to send Mussolini another cablegram telling him of the change of events. With his making of the trains run on time and his dreams of expansion, he very likely did not know

what it was all about and cared less. But it was quite a live issue in the Club.

The Club's present home, the National Press Building, is a 13-story structure on a busy downtown corner. It was the dream of James William Bryan, Washington and New York promotion engineer, long a member, who refused to allow repeated discouragements to divert him from his idea of housing the Club and its members in a building of their own.

New building in 1927

ON HIS own initiative, Mr. Bryan obtained a personal option on the land where the building was erected. He obtained commitments from mortgage financing houses and laid a completed plan before the Club's membership. The project was accepted at a membership meeting, and Mr. Bryan was ordered to take charge of the operation. He directed the financing, got together architects and contractors, and in 1927 the building was dedicated by President Coolidge.

Investors included men like the late Andrew Mellon and John Hays Hammond. Some papers like the *Chicago Tribune*, *New York Times* and *St. Louis Post-Dispatch* were sharply critical of this activity on the part of the Washington journalists and would have none of it. They would not permit their Washington bureaus to move into the building.

According to the original plan, the thirteenth floor was to serve as club rooms and all the Washington news bureaus were to occupy quarters on the other floors.

As it has turned out over the years, most of the twelfth floor is made up of the bureaus while newspaper offices are scattered around on other floors. A good 75 per cent of the Washington correspondents have offices in the building.

The Club was first organized in 1908 and had its quarters over a downtown jewelry shop. It came to occupy the top floor of an office building at \$400 a month rental. It was here that Warren G. Harding used to like to play poker.


In 1930, like other projects, the Club's financial affairs went through the wringer and its distinguished bondholders wrote off their investments which had been made mostly for good will anyway. But with the financial reorganization and the crowded office conditions which the New Deal brought

(Continued on page 71)

We Guarantee Jobs— and We Like It

By RICHARD R. DEUPREE

THE PRESIDENT of Procter & Gamble explains the cardinal principle his company follows in stabilizing employment



THIS COUNTRY is facing today perhaps the toughest set of problems the world has ever seen. The toughest of all is undoubtedly management-labor relations. Whatever course the national administration may follow in dealing with this problem, the fact remains that men of industry, those responsible for production and for the employment of men, have an obligation to do everything they can to improve the situation.

The importance of providing steady employment, whenever possible, is obvious.

The man without a job is potentially a bad citizen. The man with a job is potentially a good citizen; he can plan his own life, buy his own home, buy the things he wants for that home, plan the schooling of his children—do the 101 things that the man, who does not know whether he has a job or not, cannot do.

The state of mind of the worker is terribly important to a business operation. A business shut-down is very, very bad. Moreover, steady employment, if it can be attained, is economical for the employer. It means lower production costs and

lower capital investment. It has already been provided for in many businesses—packing and shoe manufacturing among them—but it will never become general except as men are steady-employment-minded.

No one can tell you how to provide steady jobs, but the cardinal principle of steady operation is this:

Those of us in business must (it is a "must") produce to a *consumption* line rather than a *buying* line.

That is the whole kernel of the problem.

Let's see what it means.

In all industry that I know anything about, there are periods when—because of rising raw material prices, a scare in the market or some other cause—the buyers become alarmed and want to buy heavily. At such times, of course, the seller of goods doesn't minimize this situation—in fact, frequently he is the one who emphasizes it. The result is a tremendous wave of buying.

Consumption is even

BUT the fact that those purchases are being made doesn't mean that the goods are being consumed. I believe that, although they are not bought evenly, 85 per cent of the goods used in this country are consumed evenly.

In our business, we knew that our goods were evenly consumed. There are no particular ups and downs in the consumption of soap and shortening—our predominant products.

There may be a ten per cent upward movement in the spring and a ten per cent downward movement in the winter, but the variation is not wide enough to worry about. But, even with this basically favorable set of conditions, we operated for more than 80 years with wide swings of production—

The man with steady work can look ahead, make future plans

which meant wide swings of employment.

In those days we thought that, when a dealer bought a car of soap, he had to have it within a week or two. When we finally realized that he was merely stocking the goods and that, as a result, later on our plants would be shutting down while he disposed of it, we changed our ideas of supplying purchasers. We began to work out a plan to get away from producing and selling to this uneven buying line.

Our plan, which has been in effect since 1923, is simple in its concepts and administration. In effect we guarantee a worker 48 weeks' work in the calendar year, provided that he wants to work and is willing to take any job we can give him. The employee's pay is controlled by the rate which covers the specific job he is working on.

Most employees are covered

AN employee is eligible for this plan after he has worked for the Company two years; not when he comes in. In other words, there is a two-year probation period in which the Company can get acquainted with the man and the man with the Company.

Because of this two years' service requirement and the natural coming and going of workmen, our responsibility for steady jobs is limited to approximately 70 per cent of our force. Fortunately for us, once the plan was established, we have been able to operate—even through the depression—on a fairly even basis. As a result, not only those who were entitled to operate

under the steady employment plan, but practically all the others have had steady work.

The early '30's put a great strain on this plan. So, in line with our right to withdraw or modify the plan, the Board of Directors in 1932 felt that we should limit the guarantee to 75 per cent of the established work week. However, at the end of the year all employees had worked their full 48 weeks.

Although the plan itself is simple, it was not simple to put into effect. The manufacturing force did not accept it too readily. They felt it was cramping them to say that they had to produce evenly; that there were exigencies in business that would make it almost impossible. So there were, but there weren't too many of them. After a while the production force accepted the idea.

The sales department had a great deal of trouble, too, at first, but, within three to four years they were also satisfied to have the goods produced and shipped regularly.

Today we will sell a dealer for forward shipment—that is, 30 days or 45 days—but we never allow ourselves to be booked up more than 60 days and we never try to ship a 60-day supply within 30. Of course, the dealer likes it; all he apparently is seeking is reasonable protection on the price in a favorable market. If he has that, he is well satisfied and then he makes delivery to his customer as he gets the goods in. Barring wartime shortages the dealer is never out of stock, the goods flow evenly, and the result is a much better method of distribution than formerly.

However, there are still periods when the dealer becomes afraid of merchandise, and, instead of carrying a normal stock, he reduces his inventory. It makes no difference whether it is soap or pig iron or sugar or meats; he shrinks his whole stock. While he is doing this we are not shipping and our goods back up in our plants.

But consumption continues just the same. Mrs. Brown does not stop using soap simply because the dealer shrinks his stock. What is more, Mrs. Brown is likely to con-

(Continued on page 104)









Labor, union leaders and the government will see improvement if industry tackles the problem of steady employment



This is your eye



It is a sensitive barometer  of health. The eye's condition helps the diagnosis not only of its ailments,  but often of those in other parts of the body, such as *high blood pressure, diabetes, hardening of the arteries*. Prolonged headaches  or faulty vision mean you should see a competent eye specialist.

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TO EMPLOYERS: Your employees will benefit from understanding these helpful facts about eye-health. Metropolitan will gladly send you enlarged copies of this advertisement — suitable for use on your bulletin boards.

A City Reconverts a Boom

By MILLARD C. FAUGHT

EVEN the bobby-socksers beat their gums about jobs and stuff as Grand Rapids creates postwar prosperity

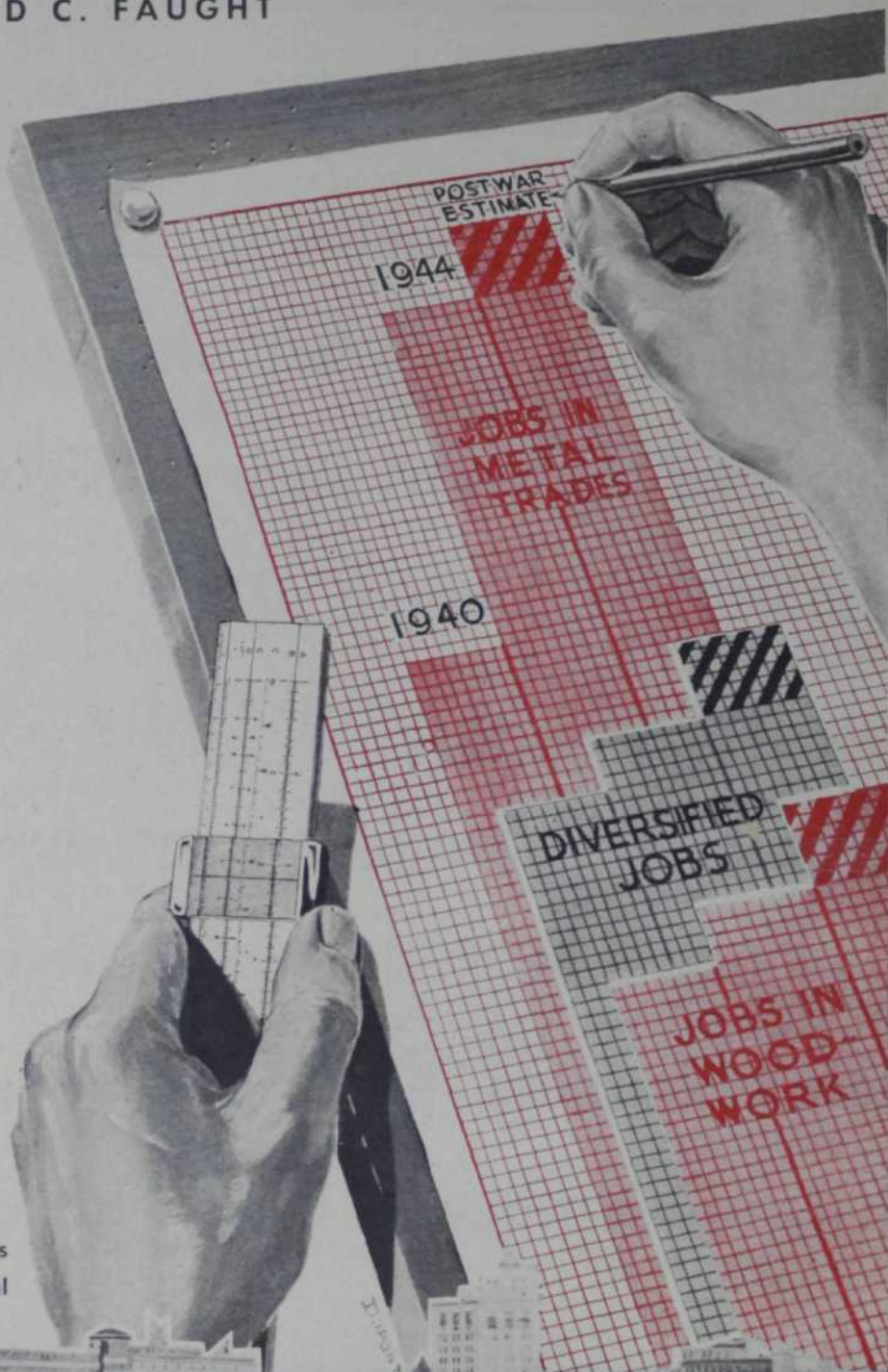
IN 1876 Grand Rapids' Dutch, English, Norwegian and other skilled craftsmen took their best pieces of locally designed and built furniture to the Philadelphia Centennial Exposition. They came home with practically every prize the Centennial had to offer.

With this event began a long, happy and prosperous period for the town, located slightly off the beaten path of western migration, but close enough so that its craftsmen could market the furniture made from abundant local hardwoods.

"We," the Grand Rapidsians began to say, "are the Furniture Capital of the United States." And they were right. The fine homes they built on suburban hills and the big stores on Main Street heralded the local grandeur and civic opulence.

But the sun that smiles also blisters and the gentle rain likewise causes rust. (And both have qualities that make men sleepy.) By the late 1920's, Grand Rapids had already been dozing over her indus-

The "Furniture Capital" requires 21,000 more workers in metal than workers in wood



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try laurels for some time. New ideas elsewhere in furniture making, diminishing supplies of local timber, and the competition of cheap labor in southern woodworking plants had combined to cut into Grand Rapids' long lead in the field.

Progress had slowed down

BUT, in spite of the idle sample rooms in some of her commercial hotels, Grand Rapids clung defensively to her reputation of being the furniture capital of the nation. In this she was not alone. A sort of national dry rot had set in which made backward-looking nostalgia easier than forward-looking vision among enterprisers. Grand Rapids was a ready symbol for the "maturity" we were all talking about in the '30's.

But, the dull crump of enemy bombs on Hickam Field, Hawaii, on December 7, 1941, blasted America out of her thoughts of maturity, and Grand Rapids got equally blasted out of the deep ruts in her local economy. It was a rude awakening and, as with the rest of us, it took Grand Rapids a while to clear its head. The furniture builders found, for example, that their individual facilities were too small, many of their methods too out of date, and their resources too limited to bid on big war contracts. Stymied at first, they overcame

their inertia by taking a step which was surely drastic in so competitive an industry.

Fifteen local furniture companies pooled their production resources into "Grand Rapids Industries, Inc." which took on prime contracts for wooden gliders, wings and other aircraft parts, and parceled them out to individual plants. Perhaps more important was the fact that the central group, GRI, performed engineering, purchasing, and other functions for the member companies and introduced modern technological improvements such as conveyers and automatic machinery. The war experience also brought a lot of new, young blood into the furniture industry.

Now that the war is over, the combination of new leadership, new skills and new techniques are showing up visibly in the form of exciting new types of "Grand Rapids" furniture made of laminated woods with new finishes and new styles. They have added some new exclamation points to their "period" furniture.

Now that we have some perspective on all these events, we can see that the wartime revolution in Grand Rapids had both physical and "psychological" effects. On the physical side, the formation of GRI marked the beginning of a prodigious amount of high quality war work by Grand Rapids' furniture

and woodworking industries. But in retrospect it seems equally if not more symbolically important as the reawakening of an entire local economy to the current facts of life.

As old factory partitions came down and local business men pored over acres of Army and Navy blueprints, Grand Rapidians were treated to a new kind of business news—and it wasn't all about furniture. They read about a theater seating company making rocket castings, a refrigerator company making helicopter parts, a cushion spring company making tank armor, even a local flypaper company with strange new war contracts. But the significant thing was that they were made graphically aware that Grand Rapids was not just a furniture town; it was a city with an extremely *diversified industrial pattern*.

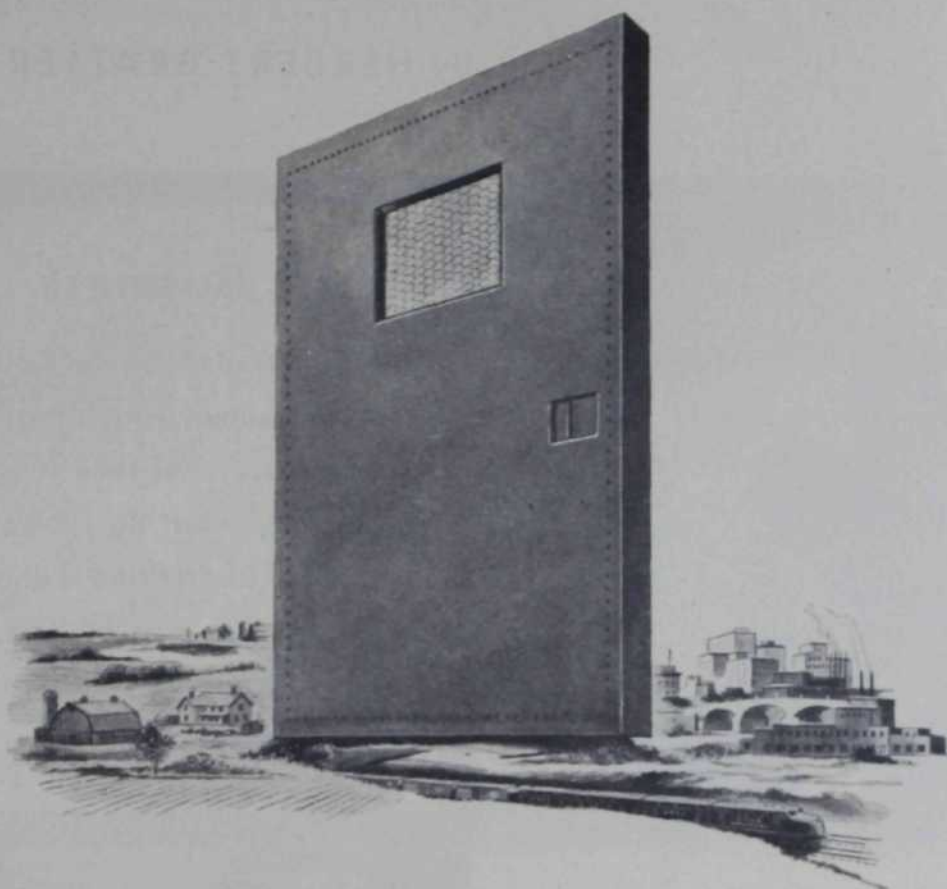
Planning for reconversion

THEN, as the upheaval of conversion subsided, and local business men could get further perspective on what was going on, they began to think about the inevitable time of reconversion, when all of these newly discovered pieces of their industrial pattern would have to be reformed to fit a new peacetime mosaic. With this stage, the rediscovery of Grand Rapids really got under way.

The Chamber of Commerce, studying the new needs of its members, set up a local Committee for Economic Development to encourage bold planning, company by company, for postwar reconversion and expansion. The Committee began with a fundamental economic question, namely, "where do little jobs come from?"

Apparently they found out, because their final surveys, based on actual company reports and rechecked by the University of Michigan, show that Grand Rapids' industrial employers expect to provide 19,000 peacetime jobs that never existed before the war—a 51 percent increase in employment. Moreover, only 2,000 of these new jobs will be in woodworking industries. A native Grand Rapidian (who thought he still lived in just a furniture town) might well have found himself amazed and confused by such a report. Not so the group of business men who made the
(Continued on page 108)





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Here, dollar income has increased proportionately more, in recent years, than in the country as a whole. Here, too, consumer purchases have advanced faster than in any other section.

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Your factory can have this unique combination of advantages . . . right at its front door . . . if you "Look Ahead . . . Look South!"

Ernest E. Harris
President

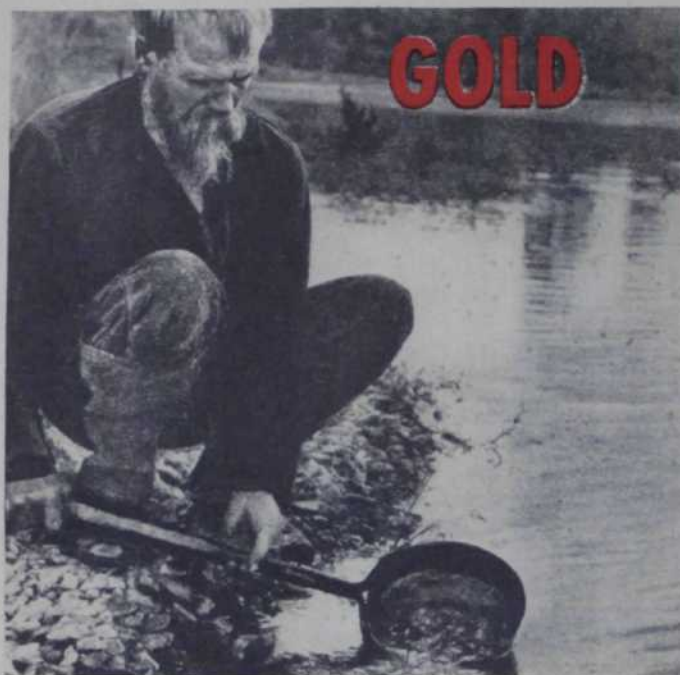


SOUTHERN RAILWAY SYSTEM

The Southern Serves the South

Preview of that Loan

By HERBERT BRATTER



If It's Business . . .

A LOAN to the Soviet Government on a business, rather than a political, basis must take into account not only what Russia has to sell, and her ability and willingness to export, but also Stalin's recently announced five year plan of military sufficiency and other factors

NOW that the open season for loans is on, it takes no fortuneteller to foretell that a substantial loan to Russia is in the Administration's cards. The government departments concerned have long been readying themselves for the negotiations.

Yet at this writing no active loan application from Russia seems to be on file and some of the American officials most concerned evidence shyness when asked about the subject. They say they don't want to give Stalin the idea that our Government is considering lending to Russia. One official even suggested that public examination of this subject now is premature.

Other observers think it now possible that Russia, what with the reparations in kind from Germany—and close trade relations with neighboring industrial countries like Poland, Czechoslovakia, Austria, Hungary and even Manchuria—will be under much less pressure to obtain early American economic assistance. In addition any loan which this country extends to the Russian satellite countries will put those countries in a better position to supply goods which might otherwise have to come from the United States.

Recent Export-Import Bank credit to Finland, moreover, will help that country to maintain its reparation payments in commodities to Russia. However, at present only the Kremlin, if anyone, knows to what extent Russia's dollar needs have changed since V-E Day.

As recently as September 30 Senator Claude Pepper, reporting on his interview with Stalin,



quoted the Marshal as repeating that Russia "had applied to the United States six months ago for a \$6,000,000,000 loan." Incidentally, Senator Pepper reported Stalin as ridiculing the idea that Russia would use an American loan for large-scale war production.

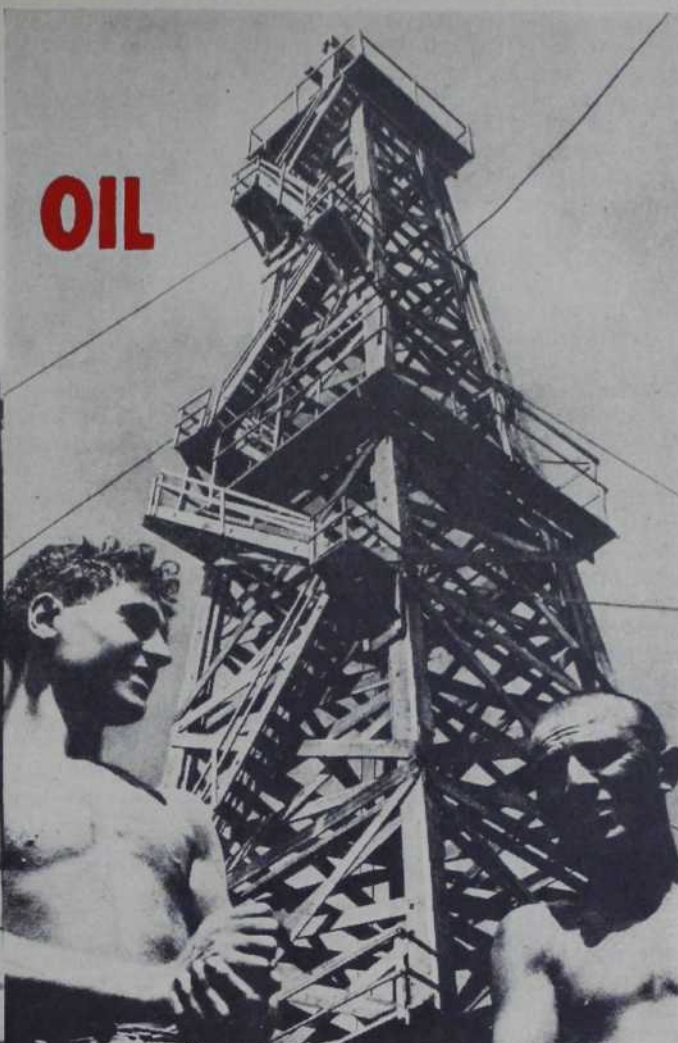
It is also on record that Stalin told the members of the House Postwar Committee who visited him in

to Russia

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on the Bank's shopping list as part of its cooperation in world recovery. Thus, a loan to Russia has long been taken for granted.

Asked why we should lend money to the USSR, one Washington official replied:

"Because it is a good investment and good business for us. Such a loan will profit the United States both directly and indirectly."

A more obvious reason is that Russia, our wartime ally, needs help to restore and improve its economy as rapidly as possible. Such a loan seems bound to be a political loan first and foremost, not a "business loan" in the business man's sense of the word. If so, why not frankly say so?

As a political loan, it can be made only by the United States Government or with its guaranty. The United States Treasury is not in a position to risk loans for the sake of any income to be derived therefrom. In fact, the Congress is demonstrating an awareness that the American Government not only has no surplus funds to invest, but is now more than \$278,000,000,000 in the red. Since loans to foreign governments increase our national debt, purely fiscal considerations dictate that our Government is in no position to seek "profitable investment opportunities" abroad.

Russia's main argument for American aid arises from its war damage. Although the USSR is a land of immense natural and population resources, the task of restoring its economy may be slow and arduous without our help. Moreover, the Soviet Government seeks to do more than to reconstruct

Moscow last year that Russia wants a loan; and he told them how much the USSR wants. Our respective experts can work out the details, he added. Even before that interview, in the course of the Senate hearings on the expansion of the Export-Import Bank last July, Leo Crowley, then chairman of the Bank, disclosed that \$750,000,000 to \$1,000,000,000 of Soviet bonds are

what Teuton fury destroyed. It seeks to build a great new economy behind the Urals, both to assure greater strength and safety for the nation in case of another war, and to raise what travelers describe as the pitifully low standard of living of the Russian masses. Given enough time, and peace, this can be done without an American loan. But the Russian people are naturally impatient to get on once more with the struggle for economic improvement which they so hopefully began in 1917.

With an American loan, Russia could buy railroad equipment, from spikes to signal systems; oil well and refining equipment; all sorts of modern mining machinery; machine tools and heavy machinery; road building and maintenance equipment; and even consumer goods which, according to some opinions, her emphasis on heavy industry may prevent her from producing for herself. With such imports, Russia's task of rebuilding will be greatly facilitated. When the task is done, the USSR will be stronger and more prosperous than ever in history.

Russia has been helped

HOW much outside help Russia can use is a matter for "guestimate." Her acquisition of large amounts of German machinery and the course of her relations with certain satellite and neighboring countries are having a large but unmeasurable effect on Russia's need for dollars. Marshal Stalin's \$6,000,000,000 may be nothing more than his idea of a good bargaining figure.

But \$6,000,000,000 is a large sum and probably a great deal more than the Administration can now get from Congress for Russia. From the fact that considerable thought has been given in government circles to helping the USSR from the Export-Import Bank's present or to-be-expanded resources, it may be assumed at the moment that the likely figure is somewhat nearer \$1,000,000,000 than \$6,000,000,000. Even \$1,000,000,000 will buy a substantial amount of American equipment. That's a thousand million dollars.

In the light of the recent Lend-Lease settlement with Britain, involving our writing off of all accounts on the books on V-J Day, nothing less than this can be expected in Russia's case. Probably Russia will seek also to emulate the other features of the Vinson-Halifax agreement dealing with surplus property and a large loan with escape clauses.

Is a loan to Russia safe? Soviet Russia's debt record has been good. Although the Czarist debts have been repudiated, there have been no defaults on financial obligations of the USSR. Of course, the USSR has never had the opportunity to incur any financial obligation of the magnitudes here under discussion. The Amtorg's peak borrowings here, in 1930, reached only about \$80,000,000. Moreover, those credits to Russia were on a purely commercial basis.

One may wonder why the USSR, at the height of its efforts to build a better economy in the '20's and '30's, did not get more credit here. It had every motive for doing so, just as it has now. Doubtless it could not demonstrate to bankers sufficient capacity to service a substantial loan. Whatever the reasons, then, dollars are now easier to borrow than ever before and capacity to repay is no longer a *sine qua non*.

Debts can be "forgotten"

SHOULD the USSR get a loan along the lines of the US-UK financial agreement, the question of service would be avoided for an initial period while interest payments might be subsequently sidestepped by using the escape clauses. In that respect Russia may be expected to act like other countries. We had a "Hoover Moratorium" in the '30's, and we may have one again sometime. In such event, Russia as a debtor to the American Government will follow a realistic policy suitable to the circumstances.

When Representative Colmer and his colleagues asked Stalin how Russia expected to pay back \$6,000,000,000, Stalin is reported to have answered:

"How will China pay back its American loans?"

What about Russia's capacity to repay a large American loan? This, of course, depends on the loan's amount, maturity date, and repayment terms, all related to the USSR's prospective export ability. Two important facts in this connection are Russia's ability to deliver gold and America's present ability and willingness to accept it in unlimited amounts and indefinitely. We may have no need or use for more gold, but so long as we are willing to export goods in exchange for it and so long as Russia can produce large amounts of gold, the USSR can maintain considerable debt service with the product of the Siberian gold fields.

Official Washington thinks the USSR holds much gold and can

mine very substantial amounts. How much gold Russia now has on hand and how much it can produce each year are, for the present, Russian secrets, although they have a direct bearing on the question of a loan. Rumor has it that Russia's gold-mining potentialities developed during the war are now very sizable. Gold is not something the Russian people care for or can afford to use internally as money; but if gold will buy needed American goods, the Soviet Government may be expected to direct the necessary manpower to Siberia.

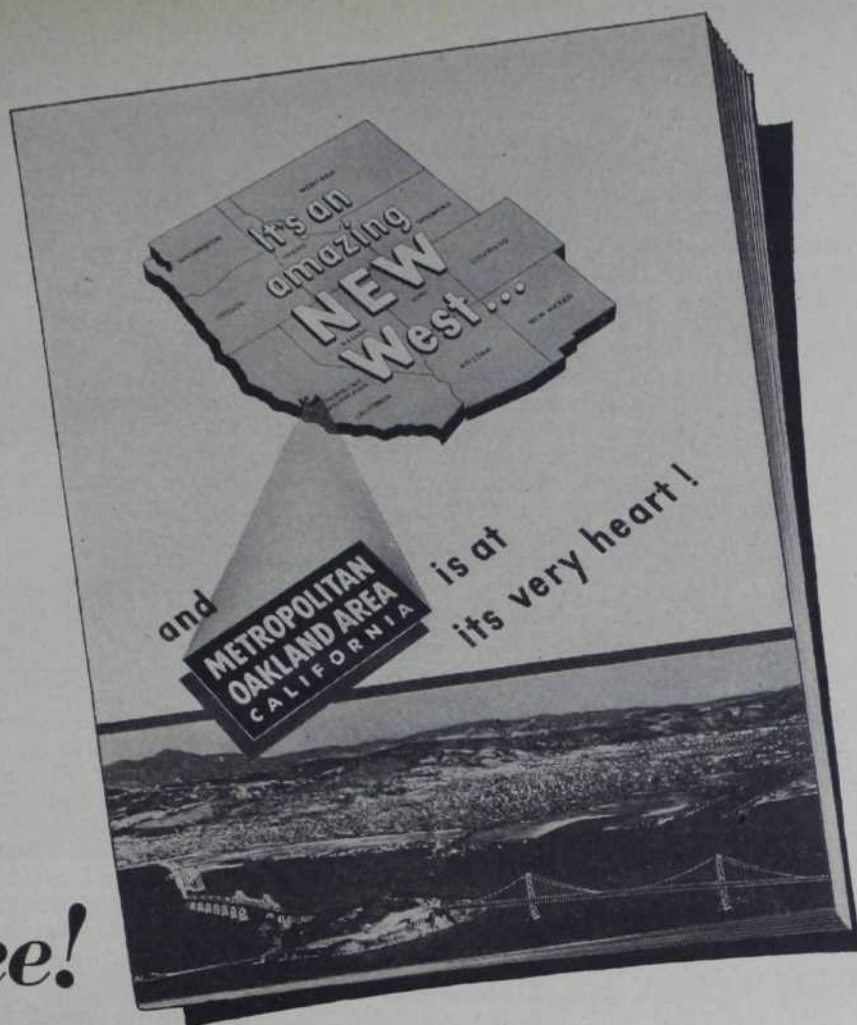
The most recent Federal Reserve Board estimates place Russia's monetary gold reserve at \$839,000,000 as of September, 1935, and Russia's production of gold in 1938 at \$180,000,000. No later Federal Reserve estimates are obtainable but some Washingtonians think Russia now holds \$2,500,000,000 to \$3,000,000,000 of gold reserves, and mines about \$250,000,000 of the metal annually. The gold reserves originally designed as a war chest did not have to be used because of Lend-Lease.

Students of the Russian mind think that the Soviet's secretiveness about its gold position is due to the fear that the disclosure that Russia holds large amounts of gold in the official reserves and in the ground might frighten the U.S.A. into abandoning its gold buying statutes.

Gold would not help us

E. C. ROPES, the U. S. Commerce Department's Russian expert, holds that "gold for goods is not acceptable payment to the United States or England." Certainly it is not the ideal form of payment from our viewpoint but it is legally acceptable to the Treasury Department. Therefore, Russia as a large gold producer is in a much better position to service an American loan than most other borrowing countries.

To the extent that it is not met in gold, Russia's loan service will have to be met primarily out of the proceeds of Russian commodity exports to us or the rest of the world. The more commodities we buy from Russia, the more we can help Russia pay off this loan. Our pre-war trade with the USSR, however, does not suggest that, without gold, Russian exports to the U.S.A. will suffice to service a loan of several billion dollars. Quite the contrary. But advocates of a loan to Russia hope that through the multilateral system of international trade settlements, which is the keystone of



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NATION'S BUSINESS for March, 1946

our commercial policy, Russia will be able to meet any financial obligations to this country which she undertakes and which she cannot meet with gold.

This country's commodity imports from Russia totaled only \$21,400,000 in 1936; \$27,200,000 in 1937; and \$23,500,000 in 1938. At current prices, those figures would be somewhat larger. If Congress adopts the Administration's present stockpiling bill we could, for a limited time, greatly expand our imports of certain strategic and critical materials obtainable in Russia.

Our chief imports from Russia in 1938, apart from gold, were:

Furs, skins, and other animal products	\$14,500,000
Manganese and other metals and manufactures	3,600,000
Textile fibers and manufactures	1,600,000
Non-metallic minerals	1,400,000
All other imports	2,400,000

These are not magnitudes to conjure with, when looking for ways to multiply direct imports from the USSR.

Exports could service debt

SOME government officials believe, however, that Russia's total commodity exports in the years ahead will be adequate to service a loan of the dimensions being discussed.

Mr. Ropes, in an article privately published in 1944, stated:

"Noting the fact that the Soviet Union, while building up its economy by modernizing its industry, expanding its transport, and mechanizing its agriculture, exported goods each year, on an average from 1929 to 1938 to a value of \$517,604,000, it is possible to estimate, with some assurance, that the capacity of the country to export, on an average, each year for ten years after normal conditions of life are restored, will be at least \$400,000,000 to \$500,000,000. There will be variations in different years but, by and large, these figures are conservative, omitting as they do gold and precious metals and some industrial products sold regularly before the War to the Soviet Union's Eastern neighbors, but now required by the country itself for its own rehabilitation and progress."

Compared with official figures, Mr. Ropes' optimism seems to be exaggerated.

Russia's export figures as published officially by the U. S. Department of Commerce show a less optimistic picture: Her exports to the world at large before the war measured in dollars totaled only \$160,500,000 in 1936; \$204,200,000 in 1937; and \$157,300,000 in 1938.

The USSR's chief export commodities in 1938 were wood and wood products, grains, petroleum products, furs, and cotton fabrics. In the Soviet's best trade year, 1930, its exports to the world totaled \$533,700,000. For Russia to maintain her exports to free-exchange countries on a large volume and on a sustained basis, with a view to accumulating dollars for loan service, would entail a major effort and no little sacrifice by the Russian people, at least during the earlier loan-service years.

The British loan agreement of last December requires no repayments for the first six years. After the sixth year, annual payments on account of principal repayments and interest at 1.62 per cent—unless the latter is skipped—are to be \$31,823,000 for each \$1,000,000 of the credit drawn.

Repayments on easy terms

WERE Russia to obtain a line of credit here on the same non-commercial and subsidized terms as Britain, annual Russian payments to us would have to be:

On a loan of	Annually for 50 years, beginning December 31, 1951	Or during 50 years a total of
\$1,000,000,000	\$ 31,823,000*	\$1,391,150,000
2,000,000,000	63,646,000	3,182,300,000
3,000,000,000	95,469,000	4,773,450,000
4,000,000,000	127,292,000	6,364,600,000
5,000,000,000	159,115,000	7,955,750,000
6,000,000,000	190,938,000	9,546,900,000

*The fiftieth instalment would be \$31,840,737

For a loan of even half of Marshal Stalin's \$6,000,000,000 figure this would mean that, for 50 successive years, Russia would be called upon to pay us more than it

paid us for its prewar imports, without getting in return anything but a receipt. The goods representing the Russian debt to us presumably would have been imported before the first of the 50 annual payments started. For any American goods Russia might want to import in 1952 or afterwards, additional dollars would have to be found somehow.

Russia will not find it easy to raise its exports to the level these payments will make necessary. Despite the country's vast natural and human resources its ability to repay a large dollar loan in goods will depend on the world's demand for Russian products.

As for loan-servicing through American imports of Russian commodities, while an increase over the prewar volume in lumber—and, for a time, in those strategic and critical materials obtainable in Russia—is possible, the prospects are not unlimited. Military stockpile commodities which Russia is in a position to supply include, chiefly, chromite, copper, manganese, nickel, platinum and flourspar. Stockpile experts estimate the amount of such commodities we could so use at \$225,000,000, a sum which would have to be spread over several years because of the time required for mining.

Stockpiling would help little

THE more foreign materials we could use or stockpile, the better it would be for this country, but American public opinion is not sufficiently educated to warrant reliance on this means of liquidating the large foreign loans now under consideration.

Unless the whole cycle is synchronized to fit American economic needs, we may find that "prosperity through foreign loans"—Russian and other—have simply given us a breathing spell.

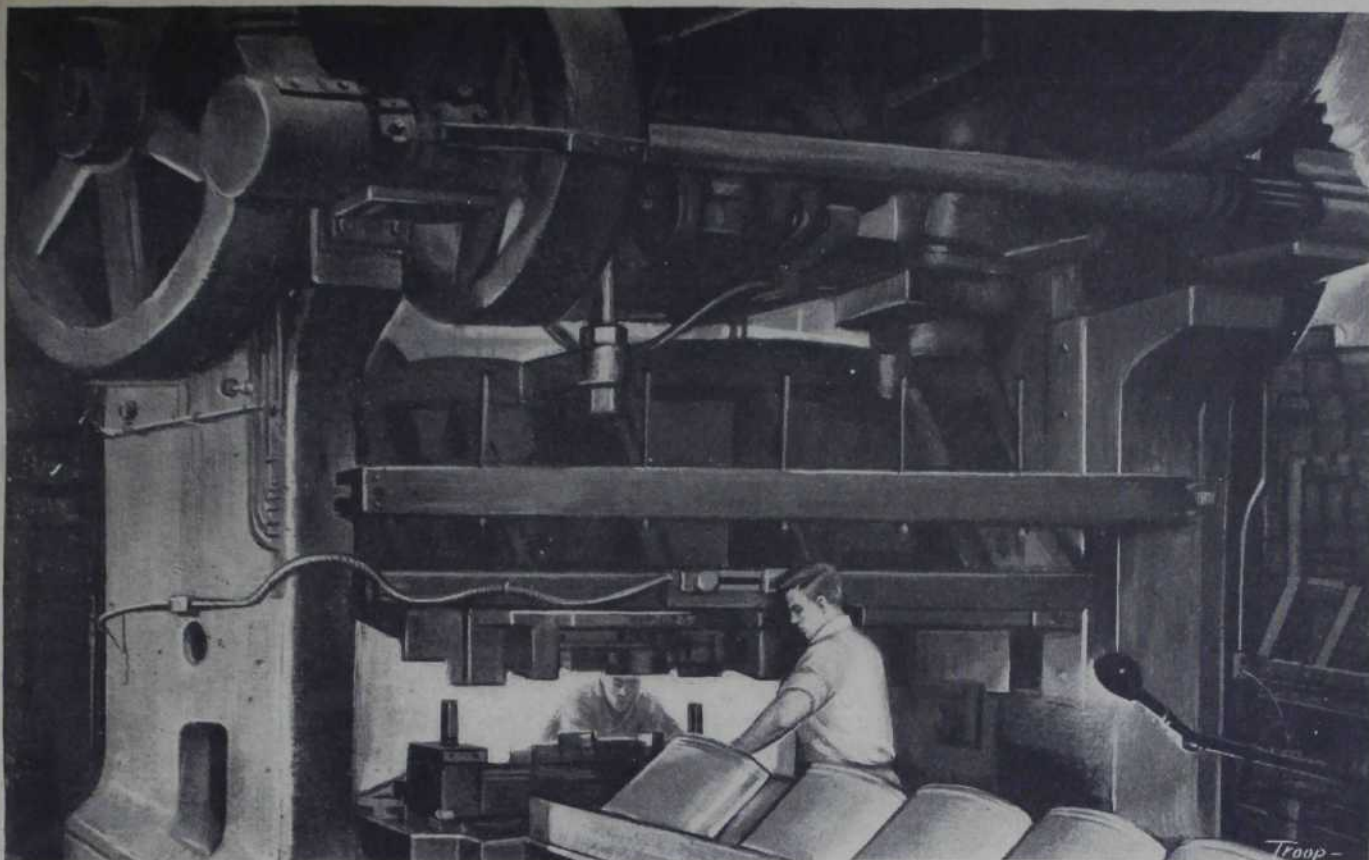
Stalin's February speech announcing military power as Russia's first objective in the next five years seems to rule out the possibility that Russia might develop a large export balance of trade with other countries.

Producers in the countries concerned may reasonably set up their own objections if the USSR offers competitive products at low prices.

However, a "triangular" trade course, even if not otherwise impeded somewhere along the line, could work satisfactorily only if the United States by and large during the long period of the loan's repayment maintained a "negative" trade balance—an excess of imports over exports.



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tion of direct labor distribution work formerly done by cost department and factory clerks.

The American Seating Company's business is building a large part of the nation's school desks and seating for theatres, auditoriums, and transportation. Its installations range from Radio City Music Hall to the smallest school room.

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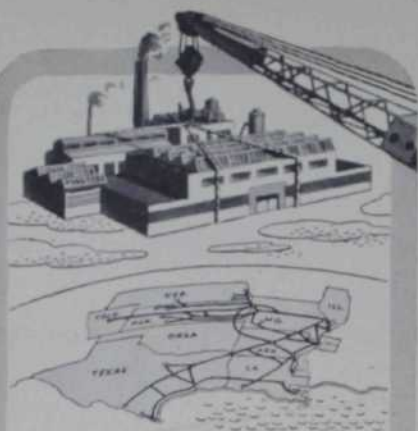
Two types of National Accounting Machines used by the American Seating Co.



Making business easier for the American businessman

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Business might make loans

ANOTHER and very practical question deserves to be considered in this study: How far can private American business and banking meet the USSR's credit needs?

Some U. S. officials have recognized that a considerable part of Russia's legitimate needs can be met in this manner perhaps with help from the Export-Import Bank. In 1944, Mr. Ropes wrote:

"Ample funds are available in American banks and corporation treasuries to finance a large aggregate of orders over the first five years of intensive manufacture and shipment and there should be no need for assistance from the Government to help private sellers and bankers carry the load, such as was provided in countries that in prewar years sought Soviet business on a credit basis."

Apart from private American sources, Russia may obtain substantial amounts of credit from the International Bank for Reconstruction and Development. That Bank, an outgrowth of the Bretton Woods Conference of 1944, will have substantial gold and dollar resources. Indeed, Russia's exacting demands at Bretton Woods caused the text of the agreements to be modified in various respects and resulted in the United States delegation, as a placating concession, putting into the Bank \$300,000,000 more than the \$2,875,000,000 quota previously envisaged for this country.

The Bretton Woods agreements were formally ratified last December by more than 30 countries, but the USSR was not among them, to the surprise and disappointment of many people in the U. S. Government.

If we make Russia a loan, Congress and American business are likely to demand that a Russian credit be accompanied by some non-financial quid pro quo. If we are to export billions of dollars' worth of goods to Russia on credit, would it be amiss to ask Russia to export some "international co-operation"? Some countries have used trade as a form of economic warfare and, under the Russian system imports and exports can be adjusted at the will of a few men in Moscow. Russia's capacity to

produce and to export being Moscow-controlled, Russia's ability to pay loan service is itself within the control of the Kremlin. Loan-service may be just another chip for an inscrutable international "poker player."

Again quoting Mr. Ropes, "the monopoly of trade [in Russia], however, can also be used as an economic or political weapon and has been employed in both capacities, either to rectify a trade situation unsatisfactory to the Soviet Union or to punish a country that for its own reasons broke relations with the Soviet Union. The possibility of similar action after the war is inherent in the state control over export and import movements."

Political terms for a loan

SOME assurance against such maneuvers might well be a part of the loan agreement. Access to more information about Russia might be another stipulation. Not only the American loan negotiators but Congress and the public want this.

In addition to considerations related to the USSR, many members of Congress feel that a loan to Russia ought not be decided by itself but only in connection with the total of the outside world's desire for financial aid from us. Heretofore Congress has approved various foreign lending programs totaling billions, without too much attention to the possible inflationary effects of large foreign buying here in the period ahead. Also some, like Bernard Baruch and Secretary of the Interior Ickes, point out that we are now a "have not" rather than a "have" nation, which implies that we should examine loan proposals from the standpoint of our ability to take the risks.

Piecemeal government lending abroad has now reached such a volume as to suggest the wisdom of thorough government investigation of foreign borrowing needs and American lending capacity.

New Screwdriver

A TORQUE screwdriver that indicates inch pounds directly on the handle is offered by Apco Mossberg Co., Attleboro. The device is intended for all hand assembly jobs on sheet metal, plastics, and light metals.

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an **INTERNATIONAL** market

The inherent manufacturing and distributing advantages of Chicago and Northern Illinois have brought recognition to this area as a great international marketing center.

For years the Middle West has been a leader in the production of goods for export. Chicago and Northern Illinois—hub of the nation's population, industry, raw materials, transportation and agriculture—provides unrivaled export and import facilities. Today more than a fifth of the 10,000 manufacturing firms in Chicago and Northern Illinois engage in foreign trade, producing a variety of merchandise to satisfy almost any demand from any part of the world.

Ten thousand miles of inland waterways serve this area. Transatlantic vessels may come direct to Chicago and other Lake Michigan ports via the St. Lawrence and the Great Lakes. The Illinois deep waterway provides a direct link with the Gulf of Mexico. Current developments in international air travel designate Chicago as the great central terminal for direct routes to the Orient, Europe, South America, Africa and the Near East. By rail, the area is connected with every important seaport in this country and in Canada.

Location in Chicago and Northern Illinois facilitates expansion of your business to reach world-wide markets. Here, you will find expert guidance in conducting export and import business from a score of service agencies—banks with foreign departments, international freight forwarders, combination export managers, foreign trade counselors, transportation representatives, foreign consulates, customs officials, foreign trade departments of commercial associations and others.

Whether your sales plans encompass the central states, the nation or foreign markets, the Chicago and Northern Illinois region offers you more efficient distribution to more customers than any other industrial area in the nation.

We will gladly assist you in making a factual and confidential study of this area and the possibilities it holds for your particular industry. This service is without charge.

Industries locating in this area have these outstanding advantages • Railroad Center of the United States • World Airport • Inland Waterways • Geographical Center of U. S. Population • Great Financial Center • The "Great Central Market" • Food Producing and Processing Center • Leader in Iron and Steel Manufacturing • Good Labor Relations Record 2,500,000 Kilowatts of Power • Tremendous Coal Reserves Abundant Gas and Oil • Good Government • Good Living

This is the sixth of a series of advertisements on the industrial, agricultural and residential advantages of Chicago and Northern Illinois. For more information, communicate with the

TERRITORIAL INFORMATION DEPARTMENT

Marquette Building—140 South Dearborn Street, Chicago 3, Illinois—Phone RANdolph 1617

COMMONWEALTH EDISON COMPANY • PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS
WESTERN UNITED GAS AND ELECTRIC COMPANY • ILLINOIS NORTHERN UTILITIES COMPANY

★

★

Keeping Posted

NOW that the war is over, the editors of the *Federal Register* have resumed work on the *Code of Federal Regulations*. This cumulative supplement to the *Federal Register* is a codification of the general and permanent regulations and orders of the federal departments. It will probably fill a score of tomes, each the size of "Anthony Adverse."

This is not a postwar project just to keep somebody busy. The Federal Register Act, as amended by Congress in 1937, directed the codification of all federal regulations starting with June 1, 1938, and that it be repeated June 1 of every fifth year thereafter. The original codification, completed in 1939, contained 17 volumes.

The first fifth year, 1943, being a war year, presented problems. Emergency regulations of agencies, such as OPA, WPB, ODT, WFA, called for special treatment. So, instead of normal recodification, a cumulative supplement was published, starting with June 1, 1938. By June 1, 1943, ten volumes, each more than 700 pages, had been published, completing the text for the period.

Circulation is small

SURPRISINGLY, only a few people possess the Code and probably not one lawyer out of six is aware of it. One reason may be that only 2,225 sets were printed. No glamour book, it is sold only by the Superintendent of Documents, who sticks to his posted price of \$2.25 a volume. Even Congress neglected to provide its members with a single free copy.

However, distribution of the cumulative volume is somewhat wider, for 1,232 sets have been distributed to federal officials and 415 sets to depository libraries, while over-the-counter sales to citizens exceed 634.

Much better known is the *Federal Register* which started out to carry all generally applicable and legally effective government regulations. Volume 1, No. 1 of the *Federal Register*, which was published March 14, 1936, had but 16 pages. It soon became obvious that the mere compilation of this hoard of documents would serve little purpose because of its bulk and lack of uni-

formity. The Act was amended to provide for codification.

Now the daily issue of *Federal Register* is primarily a supplement to the *Code of Federal Regulations*. This holds true even though the average size of the *Register* is 70 pages. Often it exceeds 150 and a recent OPA price regulation alone covered more than 100 pages.

Published daily

ALL the copy preparation on the *Register* and the *Code* is done in a few rooms in the Archives Building in Washington. Each document is scanned by a legal staff of four who see whether or not it comes within the Act's purview. Final copy is prepared by a staff of 21 editors and sent to the Government Printing Office. This is a daily process.

Each night the huge GPO presses start and by four o'clock the next morning 24,000 trim-looking *Federal Registers*—for the paid and free subscription list—are in the mails.

The type is saved and used again in printing the *Code*. However, not everything that gets into the *Register* goes into the *Code*, for in the interval of publication many regulations become obsolete and are deleted.

The editing job is under the direction of Bernard R. Kennedy, director of the Division of the *Federal Register* since its establishment. Direct supervision is under Chief Editor D. C. Eberhart.



"Remember that prospect I thought I had eating out of my hand?"

Older members of the staff recall with a chuckle the first issue of the *Register*. The first document printed therein concerns a bird refuge in South Carolina involving the vicinity of Bull Island off Bull Creek in Bull Bay. They contend that this is a lot of "bulls" for a beginner.

Occasionally "bulls" creep into the *Federal Register*, even today, but they seldom are as humorous as items in the favorite office file, "Silly Letters."

A postal card dated 1936 and postmarked Fargo, N. D., carries these words penned in a wobbly hand and signed by a U. S. District Judge:

"I am old and frail. Please, please, stop sending me *Federal Register*."

The judge's wish was complied with promptly and perhaps fortunately, for imagine the pain and anguish he would experience at today's voluminous *Register*. And imagine the satisfaction this Nebraska shoe store manager derived from writing these words:

"Your letter soliciting \$10 for a year's subscription to *Federal Register* is at hand. To say that I 'undoubtedly am aware of the increasing necessity of keeping in touch with the Federal Regulations affecting business' is a rank understatement. Indeed, I am so much aware of it that the mere intimation that I might have \$10 left for your magazine is a genuine compliment." That was written in 1938.

Its purpose misunderstood

A MADISON, ILL., correspondent submitted a manuscript for publication in the *Register*. He had something to say on current events, so he forwarded his comments and some newspaper clippings, stating that he wanted to "register an opinion" in the *Federal Register*.

Then there was the young mother who, in a neatly penned note, sent the specifications of her son, her first-born, of whom she was very proud. She gave height, weight, color of hair, eyes, time of birth and all vital statistics and added this plea:

"Please register him in the *Federal Register*."

—GEORGE B. ROSCOE



One of a series illustrating Cyanamid's many activities.

YOUNG IDEAS WITH A FUTURE

YOUNG IDEAS are often like young men. All they need is an opportunity to prove their worth to the world. Right now there are a great many young ideas, particularly in the field of chemistry, that are waiting for the right place and time to show what they can do.

For example, Cyanamid has synthesized, or built up with new arrangements of atoms and molecules, a particularly promising new group of organic compounds derived from calcium cyanamide. Among these are chemicals with such unpronounceable names as ethylene cyanohydrin, dicyandiamide, guanylurea, phenyl biguanide, glycolonitrile, and guanidine carbonate, any one of which may provide the molecular link to a new synthetic fibre, a plastic, a detergent, a pharmaceutical product, or a rubber compound.

Already, many remarkable chemicals have been developed by Cyanamid chemists from calcium cyanamide, or "cyanamid," and put to practical use by industry. One of these is the miracle chemical melamine, which has radically improved the quality of paper, leather, plastics, textiles and protective surface coatings like enamel. Another is acrylonitrile, which proved a national asset in the development of synthetic rubber. And there are the guanidine compounds, used in the production of destructive explosives and life-saving sulfadiazine. Yet just a few years ago all of these were merely "ideas" in Cyanamid's research laboratories!

Uncovering the potentials in the family of nitrogen chemicals is

part of Cyanamid's research program in developing calcium cyanamide as a raw material. That these "youngsters" may suddenly prove highly useful in industry makes Cyanamid research as exciting as it is beneficial.



**American
Cyanamid Company**

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

MOLDING THE FUTURE THROUGH CHEMISTRY

**LUGGING A LOAD
A LONG WAY FAST**

**100 V-8
HORSEPOWER**
really "Talks Torque"!

In highway traffic, trucks must move fast to earn a profit for their operators. With its high horsepower and sustained high torque (torque is simply horsepower at work), the Ford V-8 engine really performs in inter-city heavy duty hauling service.

That's one of the important reasons why Ford Trucks are first-choice in so many inter-city fleets. They put out at traffic road-speeds. Consistent low ton-mile costs . . . long life . . . low cost of repairs . . . mean more money saved—and more money earned.

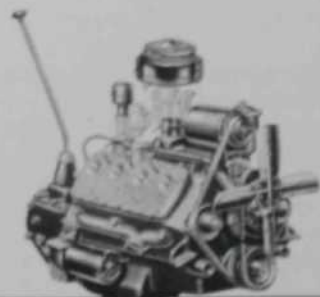
It's Ford all-round truck engineering, of course—in frames, springs, axles, clutches, transmissions and steering—that provides much of this endurance and economy. But the long-pull load-lugging ability, for which Ford Trucks are so widely preferred, has its beginning in the Ford V-8 engine—an engine such as no other truck can provide. Fourteen years of service history in millions of vehicles—fourteen years of unceasing engineering advancement—make the Ford V-8 one of the most thoroughly service-proved truck engines in existence.



THE FORD V-8 ENGINE

A big engine, developing 100 horsepower, and 180 pounds-feet maximum torque. A capable engine, with generously large coolant and lubricant capacity for long, hard, hot-weather pulling. A tough engine, with new Ford steel-cored Silvaloy rod-bearings, more than twice as enduring as former types of bearings; with all valves seating in hard alloy steel inserts, and with tappets precision-set to permanent proper adjustment. A thrifty engine, with new cam-ground light-weight 4-ring pistons, providing excellent oil economy and long-lasting good compression; with advanced-type balanced dual carburetion and automatic control of intake manifold temperature and spark-advance. An efficient engine, because of

compact, space-saving V-8 design, with its short fuel-intake travel. An ideal type of engine for inter-city heavy duty hauling, because, (in contrast to most engines of fewer cylinders but of comparable size), the torque of the V-8 holds at relatively high levels throughout the speed range most used on the open road. This V-8 advantage means you can carry more load, or carry the same load at higher speed, or keep an extra power reserve available for headwinds, grades, quick acceleration and heavier going. This fact has much to do with the superior over-all performance consistently reported by owners.



90° L-head. Compression ratio 6.75 to 1.
Bore 3.187 inches. Stroke 3.75 inches.
Piston displacement 329 cubic inches.

FORD TRUCKS

MORE FORD TRUCKS ON THE ROAD • ON MORE JOBS • FOR MORE GOOD REASONS

The News Cauldron of the World

(Continued from page 52)

to Washington—the Government took over two floors of the building—office space is now at a premium and the Club is in prosperous shape.

Under its original arrangement the Club paid \$1 a year for its top floor space. Under the refinancing and with the acquisition of more space, it now pays \$3,000 whereas the rental would ordinarily be nearer \$60,000. The Club does an annual gross business of \$500,000. It nets between \$40,000 and \$50,000 and has close to \$100,000 salted away.

Active writers run the Club

THE Club has an active membership of around 700. They are the active writers and are the only ones having anything to do with the management. There are about the same number of non-active members, formerly newspapermen or writers, now engaged in other pursuits.

Associate members are elected up to 90 per cent of the active membership. The basis of their membership is that their work throws them in touch with newspapermen, although this rule has at times been not too rigidly adhered to.

Non-resident membership is available to any out of town newspaperman or journalist who pays only \$6 a year including tax—and whose numbers run the membership up to more than 3,000. All of the resident members pay the same dues of \$12 a quarter including tax, but there is a sliding scale of initiation fees against the associate members.

The active members elect their officials once a year, in December. Frequently the contests are vigorous, with the candidates and their managers staging campaigns with the same zeal as though running for Congress. On occasions slush funds have been raised to pay up dues or tabs so that delinquent members might vote. Whispering campaigns have been introduced.

The club historian by common consent, although he has never gotten down to compiling its history, is Homer Dodge. A financial writer who lives leisurely and is known, at least by sight, to practically everybody who has ever visited the Club, he is a constant source of worry to the board because, as editor of the *Gold Fish*

Bowl, the Club's official publication, he is forever needling the more dignified members. A few years ago, his panning of a book turned out by a fellow member brought such vigorous complaint that the board took the editorship away from him. At the next election the outstanding issue was whether he would be restored. Candidates favorable to him were uniformly successful.

If a candidate for office is a member of the more exclusive Gridiron Club, this is a hot issue against him. The cry is raised that "the Gridiron is trying to capture control of the Press Club." It has been so effective in recent years that Gridironers are reluctant to stick out their necks.

For years there was a constant tug-of-war between the "liberal" and "conservative" forces, the classifications based less on economic grounds than on the conduct of the members. The "liberals" reigned over a long period brightened by such episodes as the playful tossing of cuspidors out the window. On one occasion a member dangled a diminutive, terror-stricken waiter out of the thirteenth story window holding him by the ankles.

Drinkers go on strike

THE situation reached a climax when frequenters of the tap room launched a strike over the dismissal of a bartender who had been negligent in making members pay for drinks. For a week the strikers, quickly joined by that inveterate picketeer, Heywood Broun, brought in their own bottles and used moral suasion against those who attempted to buy at the bar.

Today the conservatives have returned to power and now, as for some time past, any loose conduct is quickly dealt with. It is a matter of pride with the board that the most frequent offenders are the associate and not the active members.

The bitterness which rent the country during the New Deal was reflected in the Press Club. The atmosphere in which working journalists of varying political and religious creeds, of different nationalities, would come together and swap their wealth of information, discuss their conflicting interpretations of a given episode, in a spirit of friendliness, was largely replaced by factionalism.

Conservatives and liberals, leftists and rightists, New Dealers and anti-New Dealers squared off into blocs and eyed each other with suspicion. There were even stories that the New Deal had spies in the Club to pass on every unfavorable remark by an anti-New Dealer. The New Dealers, being more aggressive, are supposed to have used the Club to further their propaganda. It was here that much of the smearing originated, the Club in the nature of things being a tremendous whispering gallery.

Antagonism dies down

TODAY the old atmosphere is returning and once again men, as far apart as the poles politically, sit together. The members are regaining their sense of humor and becoming more inclined to laugh at the whole parade.

A news ticker brings to the members a digest of world happenings, and on a table known as the hand-out table, there are the expressed woes and wants, ambitions and laments of every organized group in our society as well as those of foreign folk.

Here is a mute babel of the world's agitation and ferment: hand-outs or press releases from CIO, AFL, NAM, the United States Chamber of Commerce, veterans' organizations, taxpayers' groups, OPA and the resultant groans from the American Meat Institute, the canners, farm organizations, clothiers, hardware and building supplies.

Here is the day-by-day conflict between those who want to change the form of the calendar, the standard of weights and those who don't; between bureaucracy and those who groan under its yoke. Here is the perpetual debate between the Republicans and the Democrats, the liberals and the conservatives, the pinks and other hues.

Here is the steady written clamor of what to do with the atomic bomb, the pros and cons of compulsory military training, of unified military command.

Here, in short, is the freedom of expression that is America, the arguments of the Iranian dispute, of Chiang Kai-shek and the Chinese Commies, of the Governments of Bulgaria, Greece and Yugoslavia.

Indeed, it is difficult to think of any subject of national or international import, or of one which the average family, after disposing of its purely intramural affairs, discusses around the dinner table,



➔ Like screen stars, radio entertainers and other celebrities in the "public eye", the Baltimore & Ohio Railroad also receives its share of fan mail.

From all parts of the country these letters arrive at B&O headquarters, bringing commendation from the many people who have especially enjoyed B&O service.

The letters cover a variety of subjects... but receiving the foremost attention is the courtesy given by B&O men and women. Here are a few excerpts from letters recently received:

"... the dining car steward and the waiters were so unusually efficient and courteous."

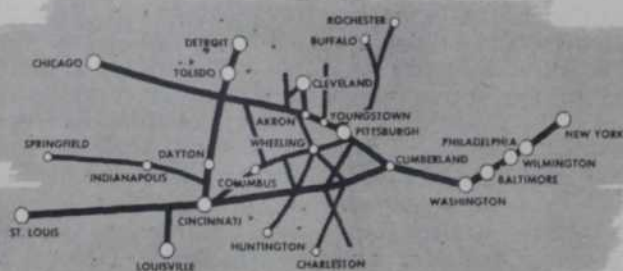
"... and B&O employes leave me with the feeling that they're courteous because they want to be—not because they have to be."

"... the B&O ticket agent was so very helpful and courteous in arranging reservations for our hurried trip."

"... never before have I received travel information so completely and courteously."

"I wish to report the very courteous attention I received from your conductor. This sort of service should make the B&O even more popular."

We of the Baltimore & Ohio Railroad are very appreciative of these "fan" letters. They give us real encouragement to strive even harder in rendering a friendly, personal service that adds an extra measure of pleasure to your travel.



BALTIMORE & OHIO RAILROAD

The B&O is the Way to Go!

which is not laid out in this place in a Town Hall way. It is possible for a man to write a running history of the world without ever leaving the National Press Club, and some few members do just that. The more industrious, of course, get out and work on the information, get under the hand-outs and ticker service, which is available to them here.

The ticker service, incidentally, goes all around among the government agencies as well as to the House and Senate. Thus, when members of Roosevelt's official family were constantly at one another's necks, until he called a halt, it was as if the members of the Club had a television view of the confusion and backbiting.

A bell on the ticker would ring to denote that Ickes had blasted one of his colleagues. Within 15 minutes the bell would ring to announce that the colleague had blasted back. Similarly, members of Congress, in debate, upbraiding a member of the uptown or executive branch, will get a response just as soon as it can be prepared. As a result, a newspaperman, if he is so minded, can get himself a first rate controversy for his daily story without passing a hand in the card game. If he is experienced in Washington, he knows the background of the controversy and only two or three paragraphs of the new outbursts are needed for him to write a column or two explaining its full social and political significance, its portents for the future of American and possibly world life.

Although the active members are dealing with controversy every day, national and international, the Club itself shies away from it. A few years ago when a member brought a Negro to lunch as his guest, groups of members looked on but nobody took any action. The Negro waiters simply ignored the pair. The member resigned in high dudgeon but his colleagues discouraged him from writing about the experience.

Let's Dine Out

SEVEN out of ten housewives in Indianapolis and surrounding rural districts would like to dine out more often, according to a recent survey made by *Restaurant Management* magazine. Thirty-six per cent of the housewives order meat, preferably steak, when eating in restaurants, the survey showed.



Kodak

Man most likely to succeed *... in selling his new line*

**War-taught technics make films better
"salesmen" today than ever before**

Soon now it will be dealers' choice again.

You will need to put your proposition up to them more forcefully ... more appealingly ... more dramatically ... than you've ever done before.

This you can do with sales promotional films. You have color. You have pictures. You have motion. You have sound. Everything needed to

do an interest-arousing, detail-explaining, action-inviting selling job ... by every one of your salesmen ... on every one of his calls!

At their resultful best ... right now

During the war, promotional films were used on the greatest scale ever. Result—improvements in production technics, in projection equipment, and refinements in distribution methods that make films one of today's most efficient sales and advertising mediums.

Your commercial film producer has the experience you need in using motion picture or slide films—from the first planning to production and distribution. Call him in now.

Eastman Kodak Company, Rochester 4, N. Y.

Sales Promotional Films

—another important function
of photography

FOR THAT POSTPONED VACATION

this is **FLORIDA**



There is many an opportunity in Florida for families who seek happier living . . . opportunities in business, in industry and agriculture. Send now for your free copy of the new illustrated booklet, "This Is Florida." Then, come to Florida this Spring. And while you are enjoying that postponed vacation, look around and see the many other worthwhile things Florida has for you. It may change your whole life—for the better.

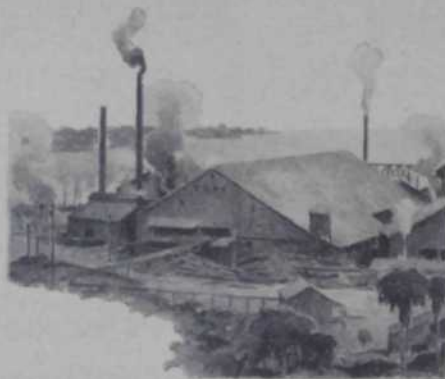
ENJOY FLORIDA'S GLORIOUS SPRING

Millions know and love Florida's warm, sunny Winters.

But that's only part of the story. You'll be delighted to know that to escape the discomforts and health hazards of uncertain spring weather, to get the utmost out of that postponed holiday, there is no other investment so good and so sure as a spring-time vacation in Florida.

It is in Spring that you'll see this beautiful state at top perfection, basking day after day in healthful sunshine, and fanned by gentle breezes. Ocean beaches, gulf shores, lake-sides, quiet streams and woodlands are at their best when touched by the magic of Florida's Spring. A wide range of sports and recreation invites you to play; or leisurely days can be profitably spent in rest and relaxation. Yes, this is Florida.

and so is **THIS**



FLORIDA THE SUNSHINE STATE



State of Florida

502 Commission Building
Tallahassee, Florida

MAIL THIS COUPON TODAY!

Please send me free illustrated booklet "This Is Florida—And So Is This!" I am especially interested in: (check)

- ☐ Florida for vacations, summer or winter
☐ Florida for agriculture ☐ Florida for industry

Name.....

Street and No.....

City.....

State.....



No Place to Sleep

BUSINESS men who stand in line for a room in Washington should think of Thomas Jefferson.

Although at that time he was Secretary of State, the only lodging he could get in Germantown, near Philadelphia, in November, 1793, was "a bed in the corner of the public room of a tavern," and this accommodation, he was given to understand, was a great favor.

"According to present appearance," wrote Jefferson, "this place cannot lodge a single person more." He would, therefore, be obliged to keep the space he had until some of the Philadelphians "make a vacancy by removing into the city. Then we must give from four to six or eight dollars a week for cuddies, without a bed, and sometimes without a chair or table."

A cuddy, by the way, means a small room or closet.

City folk fled the fever

THE reason the Philadelphians were out of their city at the time was ominous enough.

For months past Philadelphia had been scourged by the yellow fever.

Hundreds had died daily. Now, as Jefferson observed, "the fever has almost abated."

The people were returning slowly to their homes which they had previously abandoned in haste and terror.

Transportation difficulties were on a par with the housing problem, for Mr. Secretary of State had had a most trying journey from Monticello.

The stages were not running beyond Baltimore and he had had to fend for himself from there.

And to cap the climax it had cost him more than \$70 to travel from Fredericksburg to Germantown—only to find "not a single lodging house in the place."

—MAUD M. HUTCHESON



TO MAKE DREAM HOMES COME TRUE

America, always a home-loving land, now readies herself to move into wondrous new homes whose comforts and conveniences will match those of any air castle of the mind... Homes where many of the household chores will be performed by the push of a button... Homes whose indoor climate will equal the best that nature has to offer... Homes whose rooms will be healthfully warmed by the steady, uniform flow of automatic coal heat.

Coal... the Modern Fuel

Bituminous Coal has long been valued as the most economical, most dependable of all home-heating fuels. That's one reason why more than 4 out of every 7 homes in the U. S. already heat with coal. And today, with the develop-

ment of marvelously efficient new stokers to suit the needs of any size of home, Bituminous Coal also becomes the modern fuel—completely automatic, even to the point of ash removal—clean, quiet, odorless, smokeless!

Coal... the Plentiful Fuel

Thanks to the unlimited bounty of nature, America boasts a 3,000-year treasure trove of Bituminous Coal. What more satisfying assurance could any new-home builder have that his coal supply will always be available—will always be low in cost, no matter how high the prices of other fuels may climb?

BITUMINOUS COAL INSTITUTE
60 East 42nd Street, New York 17, N. Y.

Why Our Civilization Depends on Coal

Not alone as a fuel does coal influence all our living. From Bituminous Coal comes a long list of widely divergent products that includes modern plastics and fabrics; paints and roofing materials; medicines, vitamins and antiseptics; insecticides, fertilizers, plant foods—and thousands more. Into the making of every ton of steel goes a ton of Bituminous Coal. It generates over 62% of all our electricity. And it powers 94% of all our railroad locomotives... Our whole civilization depends on this magic mineral; and anything that affects coal mining also affects you—whether or not you actually burn coal!

Out of every dollar of Bituminous Coal sales at the mines, the miners receive an average of over 60¢ in wages—the mine owners average about 2¢ profit.

BITUMINOUS COAL...LIGHTS THE WAY...FUELS THE FIRES...POWERS THE PROGRESS OF AMERICA

Firm with Home-town Pride

(Continued from page 49)

which are generally good for everyone concerned. Other companies brush aside such attacks because, they say, 'These statements are not true and will not be believed' or 'This doesn't reflect the views of those engaged in this great undertaking.'

"For more than a decade, the people of this country have been subjected to determined efforts to divide them into groups. Foreign propagandists have pitted group against group—and, even worse, pressure groups within our own country have pitted one section against another, one color against another, one labor group against another, worker against employer.

The job must be done at home

"THERE is only one way to prevent that. There is only one place it can be done, and there is only one group that can do it. The job must be done in each community by the men in the industries of that community. The busy business executive can no more write a check and buy public good will than he can commission a friend to sell his sterling qualities as a potential husband. The business man must speak for himself.

"In our own communities, we can be known as individuals. That is to say, in places where our employees live, people think of individuals when they think of our company.

"That is why Caterpillar has a Community Relations Division, and why we and other local industries participate in church, education, farm and labor discussion groups. It is only through meeting face-to-face and exchanging views with others that typical Americans can really understand how goods are produced and distributed, how funds are secured, how the whole economic system works."

Recently, a representative of a national business association—and the head of his own large company—visited Peoria and had dinner with a small group of folks, representatives of the clergy, education, labor and business. He asked many questions and then, later, in admiration and wonder, he said: "You are making history here."

A representative of labor answered:

"We are not making history, we're making friends!"



100 Proof
LIQUEUR

A New HIGH in HIGHBALLS

Topping any you've ever tasted is the Southern Comfort Highball—a jigger of Southern Comfort, ice, and sparkling water. But . . . Only Two, Remember . . . No Gentleman Will Ask for Three! Equally delicious are the other recipes in the booklet on each bottle of The Grand Old Drink of the South.

SOUTHERN COMFORT IMPROVED OLD FASHIONED

Pony of Bourbon or Rye. Pony of Southern Comfort. Dash of bitters. 2 cubes ice. Dash of syphon. Garnish with cherry, twist of lemon peel, slice of orange. No sugar.

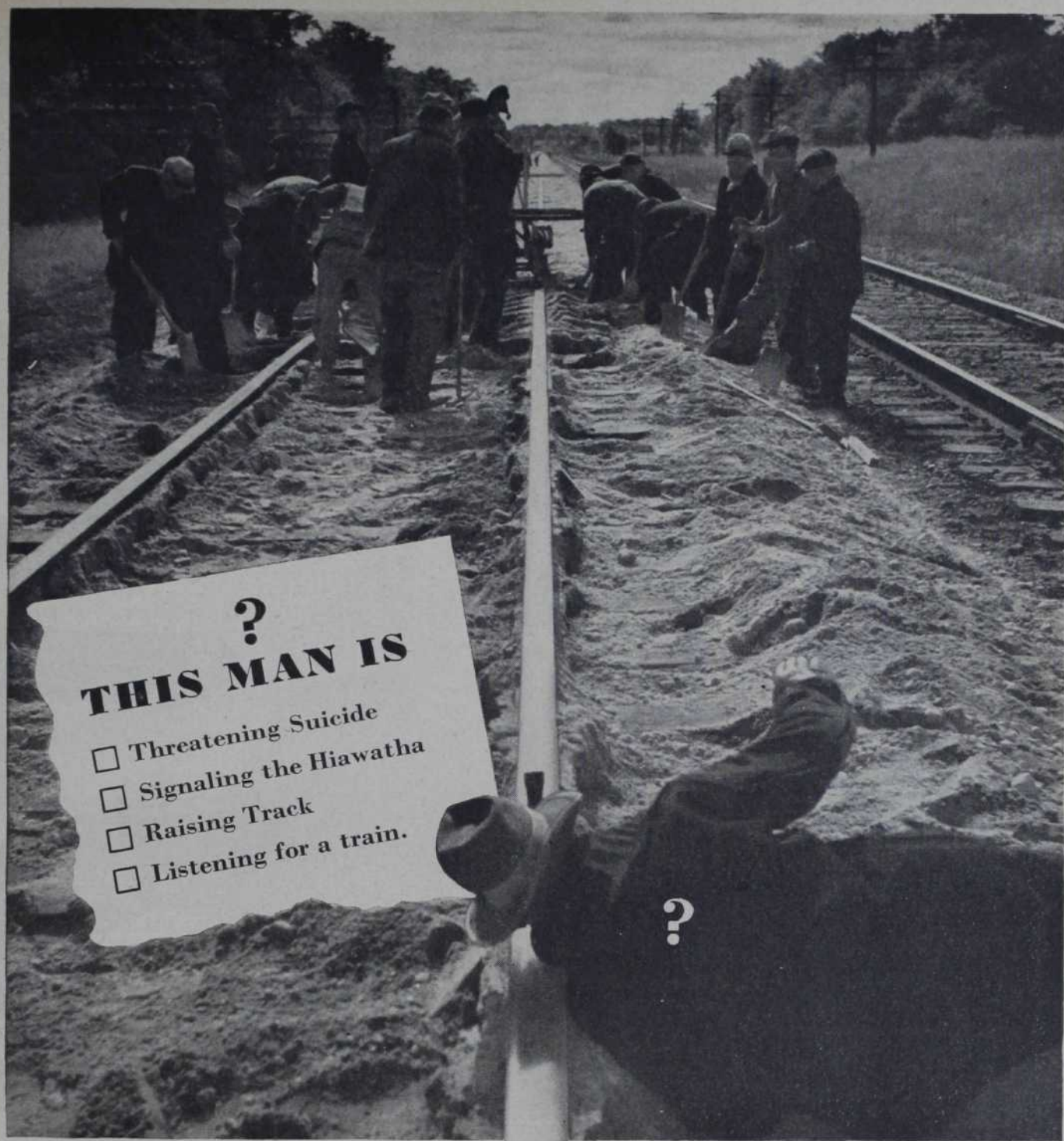
There's Only One

SOUTHERN COMFORT

NO SUGAR IS NEEDED WITH

America's Most Versatile Drink

SOUTHERN COMFORT CORPORATION, ST. LOUIS 3, MO.



?

THIS MAN IS

- ☐ Threatening Suicide
- ☐ Signaling the Hiawatha
- ☐ Raising Track
- ☐ Listening for a train.

HE is a track raiser taking a sight necessary for accurately *raising track* during a ballasting job on The Milwaukee Road. This stretch of double track is rated by engineers tops for high speed operation. It cushions the HIAWATHAS and a great fleet of super-speed trains running on faster than mile-a-minute schedules between Chicago, Milwaukee and the Twin Cities.

Properly cared for, a well kept road bed improves with age. The Milwaukee Road program of track improvement and maintenance never stops. As the track expert pictured above with his head to the rail said, "We make 'em as smooth as a ballroom and as solid as Gibraltar."

THE Milwaukee ROAD
FIRST WITH THE FINEST



The Lobby's Part

IN WASHINGTON today, there is no such thing as a lobbyist—if by “lobbyist” is meant the old-time, classic poker-playing, slip-it-under-the-table worthy whose mission was to plunder the country through “channels.”

Times have changed.

Not that poker playing is in disrepute. Or “channels” in disfavor. But objectives are different—and

vide an immediate, reliable contact with developments.

So dominant has the Government become in national life—whether one likes it or not—that practically everything it does has an effect on widely scattered regions and groups—an effect which probably will call for adjustment, either at home or in Washington.

Theoretically, the Senator or Congressman is a Washington contact for his constituents. These men do put in a great deal of their time in this way; so much, in fact,



techniques, too, are different. The changing national scene has brought to Washington a new generation—a new group of lobbyists, Washington representatives—more enlightened as individuals, infinitely more numerous, and more powerful than the old-timers. In the aggregate, this new group has become as inseparable a part of the national mechanism in Washington as the legislators and the bureaucrats, many of whom incidentally are themselves lobbyists of no small ability.

Generally speaking, a “lobbyist” is a fellow who is pushing for something—a law, an administrative decision, an appointment to a good

YOU MAY not like the idea of having lobbyists in Washington but you may be sure that you wouldn't like the kind of government you'd get without lobbyists

position—that another fellow is working *against*.

Fact is, governmental power has been so tremendously concentrated, both as regards control of the country's resources and influence over the nation's activities, that no important industrial, political, social or even cultural organization can afford not to have a personal representative on the spot to pro-

that many scarcely have time for their main job, that of studying pending legislation and national and world issues. An old high school friend of mine, a new Congressman from the West, was shocked to



in Democracy

By EDWIN WARE HULLINGER



find that his colleagues never saw the text of a bill—unless they or their committee had proposed it—more than 20 minutes, at most half an hour, before they voted on it. Normally, the texts of bills are not available earlier.

With best intentions, there aren't enough minutes. Nor could any legislator possibly find time to dig out needed facts or report on pending legislation—to mention just a couple of the various services which clients require of their Washington listening posts.

Unanimously disowning the sobriquet of "lobbyist," the watchers vastly outnumber the legislators—the cynical suggest they outnumber the bureaucrats. Every downtown office building or hotel bristles with Washington representatives of one organization or another. Practically every lawyer in Washington belongs among them—and they include some of the most capable individuals in the capital.

They represent every conceivable shading of interest and locality, from the Daughters of the American Revolution to the Women's Auxiliary of the National Society of Pullman Porters, from the National Education Association—a schoolteachers' organization—to the American Casket Manufacturers, interested now in the current question of bringing home from abroad the bodies of American boys. Some, former journalists, write weekly letters to clients throughout the country. Between editions, they do "bird-dog" assignments.

In one domain, merchant shipping, nearly all the Washington representatives are presidents or vice presidents of corporations, who push through the swinging doors of the government marine offices like staffers—during the war

they were practically on the staffs.

When anything happens in Washington—and something is always happening here—the stir in this section of the population is formidable.

For instance—

Recently, the Government announced its intention of putting on the auction block the two biggest pipe lines in the world, the Little-Big-Inch, a 20-inch line (the world's longest pipe line) which connects Beaumont, Texas, with New York harbor—1,475 miles—and the Big-Inch, a 24-inch pipe from Longview, Texas, to New York—1,340 miles. Built during the war at a combined cost of about \$140,000,000, these lines cheated German submarines out of a possible

483,000,000 barrels of crude oil and petroleum products which otherwise would have been shipped through the U-boat-infested Atlantic to the industrial regions of the East. The pipe lines netted the Government a "profit" of about \$50,000,000; the oil companies were charged what it would have cost

them to move their products in the normal way.

The pipe lines are an impressive property, viewed from any angle. As an inter-regional system of transportation, they jump into Big Time. Roughly paralleling each other, they just about bisect the industrial heart of the nation, cutting through Pennsylvania, Ohio, Indiana and southern Illinois. This region holds a large part of the great steel and coal industries, large deposits of coal and various ores, and manufacturing cities possessing nearly every type of processing activity. Whether carrying petroleum products or natural

gas, it is estimated the pipe lines could service an industrial belt more than 1,000 miles long and about 100 miles wide in which many millions of workers are employed.

The sales notice brought an avalanche of lobbyists upon the Reconstruction Finance Corporation (the vendor), the Surplus Property Administrator, and Senators and Congressmen from all states along the route. Rumors sprang from everywhere.

A tug-of-war began between two national fuel-providing industries, coal and natural gas, each of which saw its potential future vitally affected. If a pipe line is used to bring natural gas from Texas—one of the possibilities—it could deprive the coal industry of a big slice of its present market, the steel works in Ohio, Indiana and Pennsylvania. Steel is a huge consumer of coal. At present, the coal is reduced to gas—which develops higher temperatures—and the coal gas provides the heat. If this process is shortened, and natural gas piped in through the Little-Big-Inch, ready for immediate use, unhappiness could invade the coal fields. It probably would cost almost \$4,000,000 to re-equip the Little-Big-Inch with new pumping facilities, but it could be done.

Not only the coal and oil operators became interested but also John L. Lewis and his 600,000 United Mine Workers.

Wages in the eastern mining fields, jobs, union dues and prestige were involved.

The railroads, too, had an interest—not only management but also labor—because of the quantities of coal



they transport. In Texas, opinions split sharply—with resulting cleavages in Washington lobbying efforts—between those who opposed the gas project because they wanted to keep all of this fine fuel for use in their own region and those who saw in the idea a chance for Texas to profit from selling to the East.

Pulling for the project—or at least the idea of the project—were the natural gas pipe line companies, possible operators of the line, and, generally, the steel people and many of the electrical power producing concerns.

Gas in a coal district?

THE Government itself had an interest. Hearings were started by the Federal Power Commission to decide whether it thinks proper preservation of national resources favors bringing gas into a coal district as a competitive fuel. If it wished, it probably could refuse a gas company permission to carry on an interstate operation.

The possibility that the lines might be used as conveyors of petroleum and petroleum products brought into action the oil people, largely over the issue of the control of the lines—whether the lines should be operated by a joint association of “independents,” or by one or more of the majors, and if so, what their obligations would be toward the independents. The interests of 27 oil-producing states had to be taken into consideration on Capitol Hill.

At one time, the major oil companies sent a joint committee to the Capitol Hill hearings to protest the idea of using the lines as oil carriers. (The majors have had their own tanker fleets for years.) They urged that the properties be held by the Government as stand-bys for war emergencies.

Another regional attack stemmed from the Midwest, where Kansas and Oklahoma saw a threat to their future, if, for instance, another plan was resorted to, and the pipe lines split at their middle, with oil from foreign sources being brought from New York, and Texas crude piped to the Midwest for refining.

Even the oil cooperatives are in on the festivities, hoping to bid on one of the lines.

Side eddies arose involving Congressmen and Senators who were eager to see the Government get as much as possible from the sale of its assets and those who thought the pipe lines should be put aside as “stand-bys” for national defense,

to be used only in national emergency.

The excitement is still on.

Another national resources issue now engaging attention—and a case where the lobbyists are primarily state and local governments *versus* federal authorities—is the controversy over ownership of the oil-bearing tidelands on the Pacific Coast and in the Gulf of Mexico. In these betwixt-and-between shore areas are millions of dollars' worth of petroleum, ready to enrich private operators and, through royalties, the federal Government or any municipality or state government which is declared a legal owner. In this tussle, private business interests are jostling with representatives of federal agencies, lobbyists from the states are joining “consultants” representing cities, while the Capitol Hill population is split according to which interest lies nearest the heart. Add the contingent of independent legislators who are concerned over what they consider an important issue of national policy, and you have a free-for-all that has possibilities.

Coastal land is being used

MOST of the tidelands already are being utilized with resultant profits to the oil companies and states and municipalities. One city in California owes millions of dollars' worth of harbor development to the revenue the city treasurer got from tideland oil resources. In another, the monthly royalty checks pay for the entire cost of running the city administration.

Generally, the oil companies prefer the *status quo*—usually state control with rights descending to the cities—because it is working and they shrink from the prospect of making new deals with Washington.



“Don't you know there's a period of readjustment on?”

Early last fall while Harold Ickes, Secretary of the Interior, was out of the country, an effort was made to push a bill through the Senate, giving formal title to the tidelands to the states. (The Sumner bill already had passed the House by a vote of 108 to 11.)

In London, Ickes rose up and demanded that things be frozen until he could return to plead the case for government ownership. The request was granted.

Meanwhile, Attorney General Clark has tossed the matter to the Supreme Court by asking for a formal decision on the question of proprietorship.

States have original titles

ON THE Pacific Coast, the states' claims date back to clauses in the original land grants coming down from the days of Mexican jurisdiction. In practice, these rights have been recognized for years. Until recently, Washington acquiesced in this arrangement. Furthermore, when most of these states joined the Union, they specifically reserved rights to these tidelands, and for three miles out from shore.

As for the cities, they think it's a dirty trick for the federal Government to try to horn in at this late hour.

There is no more striking illustration of the towering position the federal Government has in the day-to-day life of the nation than the situation of the food industry, and resultant lobbying ramifications in Washington.

Number One in the country's productive routine, the industry embraces farmers, a large section of labor, stock-raisers, food processors of all sorts, the fishing and packing industries, a gigantic distributing mechanism, ranging from big business to tiny corner grocery stores. On the fringes are container and refrigerator manufacturers, railroads, ship companies, motor truck operators.

Washington regulates food

EVEN after the relaxation of wartime controls, this industry remains vitally dependent in most of its operations on what happens in Washington. Price controls and government influence on supplies of raw materials are only two factors. Government decisions on policy—regarding the chain stores, for instance—can radically affect the plans of millions of operators. In theory, Secretary of Agriculture Anderson is for full, unrestricted

production, but there still are federal strings on agriculture, and there will be for some years.

In peacetime, the Government exercises far-reaching policing and regulatory powers in the fields of radio and communications, labor relations, railroads and transportation, aviation, interstate commerce, public utilities, banking and securities, corporate action, rivers and harbor improvements, electric power production and gas (interstate), home building (through widespread financing operations of FHA), foods and drugs (Food and Drug Act), the packing industry (inspection of meats), and so on.

All these prerogatives and federal activities have contributed quotas to Washington's lobbying colony.

Strong lobbies on welfare

THEN, of course, there are the religious and social welfare organizations—the antisaloon people still have an office in Washington—the labor organizations, veterans and the American Association of University Women.

Representatives of such organizations are not unwelcome visitors either in congressional or administrative offices. As they strive to serve their members, so, many of them also try to serve the government agencies with which they come in contact.

The United States Chamber of Commerce has one staff member regularly on the Hill in a service capacity, ready to contribute the results of Chamber research, or arrange conferences with Chamber Department managers with any Congressman who wishes information that the organization can supply. Such service is in line with the admonition of President Taft who invited business men to organize the national chamber to "consult with the Government concerning the interests and desires of business."

The hundreds of "industrial committees" created during the war as working liaisons between industry and various federal agencies are expected to leave in their wake a number of new lobbyists. The Department of Agriculture probably can claim authorship of the idea when it summoned to Washington, on federal travel accounts, some 1,500 AAA committeemen from all over the country to consult with department heads on wartime production controls. Both OPA and WPB thought the plan excellent, and asked business

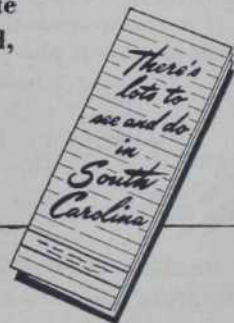


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to send representatives to form a part-time advisory adjunct to official operations.

One result was that business and government had a fine chance to lobby each other and get better acquainted with each other's problems.

In some government and business circles—and among the committee members—there has been an amount of lobbying of late in favor of continuing the practice as a peacetime technique, on the theory that government and business need to work together and understand each other in the present scheme of things.

Looking ahead, the realist sees a postwar era of \$25,000,000,000 annually in taxation and government spending. He expects to see 1,500,000 jobholders on the federal pay roll—researching, planning, and regulating agriculture and the consumer.

The realist finds little occasion to damn or praise the lobbying business. He expects everyone to be in it, and hopes that the trade will attract top-notch people of vision. He does not expect to get rid of the business so long as the need for it lies in a public attitude that the United States, biggest in everything, should have the biggest government, too.

National Foreign Trade Week

THIS year trade agreements are to be negotiated with at least 14 nations; an International Conference on Trade and Employment is to be held and Congress is due to consider legislation affecting our commercial relations with the rest of the world.

Against this background, the eleventh annual National Foreign Trade Week will be observed May 19-25. Sponsored by the Chamber of Commerce of the United States, it will focus public interest on world trade as a vital factor in preserving free enterprise and expanding job opportunities. The success of this Week is dependent upon the full and active participation of communities through their chambers of commerce and other interested public organizations.

Materials which will be helpful in organizing local observance of the National Foreign Trade Week can be obtained by writing to the Foreign Commerce Department, Chamber of Commerce of the United States, Washington 6, D. C.



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Our Double-Talk Tax Laws

(Continued from page 38)

that so few differences arise under such a law. I am trying to make the point that this law, even today, is so bewildering that the very men who audit your returns—and their responsible superiors—cannot agree as to what the law requires of us taxpayers.

That being true, it is ridiculous for anybody to argue that our tax law does not demand thorough, intelligent, scientific overhauling.

Arbitrary and inequitable

AN article much longer than this would be required even to outline in brief summary the arbitrary, illogical, inequitable provisions of the "simplified" tax law of 1944, under which individuals are filing now. A few illustrations will have to suffice.

Frank Jones and Jim White are income tax twins. They occupy identical adjoining houses in Agropolis. Each has a wife and two dependent children. They are salesmen for the same company, Jim in metropolitan Agropolis and Frank in an outside territory. Each received \$5,200 in 1945 and spent \$600 out of his own pocket for deductible business expenses. Each received \$45 in interest and dividends, and had \$125 of deductible interest, taxes and contributions. Neither wife had any income of her own.

Yet Jim's income tax this March 15 is \$89 more than Frank's.

Why? Because Jim had the home area. His \$600 of deductible business expense was for automobile operation, entertainment, telephone calls, miscellaneous expenditures in and around Agropolis. He slept at home nights. Frank's \$600 was spent on fares, hotel rooms, meals, automobile use outside Agropolis, sleeping away from home.

That technical distinction, introduced by Congress into the "simplified" 1944 Act, makes Jim pay a tax of \$635 and Frank one of only \$546, although their abilities to pay—supposedly the yardstick of income taxation—are identical to the penny.

Now let's consider Private Joe Brown and his sergeant, Hank Casaday, also next-door neighbors and income tax twins. In their absence, their wives took jobs side by side at \$30 each a week. Their family bank accounts each earned \$5 interest last year. Yet Mary

Brown must pay \$98.85 more in tax, this March, than Jane Casaday.

Why? The Browns' bank account is in Joe's name, while the Casadays' is in Jane's. Because Joe Brown has \$5 of civilian income, Mary cannot claim him as a dependent. But Jane can use Sergeant Hank, who has no civilian income, for a \$500 personal exemption.

When Private Joe gets back from Tokyo, he and Mary can substitute a joint return including his \$5 of bank interest, claiming his \$500 personal exemption, and can ask for a refund of \$99. But Mary needs the \$98.85 more now than they will need \$99 after Joe gets back—and now is when she loses the use of her money for an indefinite period under the Income Tax law.

There is a special "exemption" of \$500 for the blind, in addition to the \$500 exemption given to every taxpayer and dependent. But it isn't really an exemption at all. It is a miscellaneous deduction. It can be taken only if a blind person waives use of the table and the standard deduction, fills his Form 1040 in full, and often dissipates most of the special "exemption" by passing up other privileges.

Paying taxes on taxes

THERE never has been much fairness about the formula by which deductible taxes were distinguished from non-deductible, but there used to be a pretense of logic. The ostensible rule, badly violated in practice, was that one could deduct those taxes that the law required him to pay in person, rather than through manufacturer or seller.

Now, under our "simplified" law, this theoretical yardstick has been tossed into the ash can. The law rules out stamp taxes, including the \$5 use tax on motor vehicles, though one steps up to the post office window and lays down his cash without any intermediary or agent. It rules out amusement taxes, though one pays the money out of his pocket every time he goes to the theater, ball game, circus or fight.

No slightest pretense of a justifying formula now remains. We deduct, or do not, because Papa Congress says so—and we aren't to bother Papa by asking why. He doesn't know, though he won't admit it.

Henry Williams sold his resi-

dence last year at a profit of \$1,500, which is taxable as income. Blank and Blank got out from under an unwise investment in a renting property at a loss of \$1,500, which they can deduct from profits made elsewhere. But when Bill Adams was drafted and discovered that \$50 a month would not support payments on the mortgage on his home, he sold under pressure at a \$1,500 loss, and he can't deduct that. It was just G. I. Bill's hard luck, and his family's, say the law and the regulations.

More and more discrepancies

BACK in Goose Green, the James family has a telephone switchboard in the living room which Mrs. James and her stay-at-home daughter, Ella, operate as a sideline to their housework. The pay is \$40 a month. If the pay checks come to Mrs. James, her husband must include them with his income for taxation. If they come to Ella, a dependent without other employment, they are tax free. The difference is \$110.40 in taxes.

Such discrepancies, and many more as tragically ludicrous, obviously could not exist in a law that really apportioned the expenses of government against the residents according to their respective abilities to pay.

Such flaws do not exist and persist because Congress or the Treasury prefers to be illogical, unfair, arbitrary. Discrepancies have evolved as the whole structure of the income tax "jest grewed," and never was brought up. They linger because each flaw has given to some powerful or vociferous bloc a vested interest in a special privilege. To remove them would require that Congress and the Treasury should go back to fundamentals and write a completely new tax law, in simplest terms, without fear or favor of any class, bloc or ideology.

It would not be difficult to design a simple, logical, understandable, equitable tax law for individuals. Some practical suggestions for doing so are outlined in the box on page 37. (A second form might be required, on which taxpayers who have substantial business expenses could report them and claim refund of the tax withheld on that portion of their salaries.)

Two objections have been raised to these proposals. One is that the Government has a constitutionally valid contract to remit the normal tax on income from certain bonds. This could be met by declaring in the law that a certain element in

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the graduated tax is "normal tax," and (as was done in the 1945 Revenue Act) providing, on the blank suggested, a space for making this deduction.

The second objection is that any attempt to eliminate deductions for taxes and interest would bring down the wrath of home owners; and that eleemosynary institutions—and, above all, the churches—would object strenuously to any tampering with the deduction for charitable contributions.

To this there are both idealistic and practical answers. The idealistic is that, at present, any family that is fortunate enough to possess the down payment on a house can, by deducting real estate taxes and interest payments on the mortgage, make a large portion of its rent tax exempt. But the poor family, for which the political heart bleeds most of the time, can't exempt one penny of its rent from income taxation. Should rent be exempted? Yes, or no—but surely not maybe.

Taxpayers choose simple form

THE practical answer has been given by the taxpayers themselves. When they received the option of computing their own items or taking a standard deduction, an overwhelming majority chose to waive the right that Congress so zealously guards for them. In one way or another they took the standard deduction. Yet few if any of them were moved, thereby, either to sell their homes or to stop supporting their churches and charities.

Some laymen suggest one objection that no expert raises. They feel, without thinking it through, that eliminating deductions would increase the amount of their tax. Of course this is not so.

Suppose Congress decides that a family with \$3,000 income should pay \$540 in taxes. It is immaterial whether \$300 is granted as a standard deduction and the remaining \$2,700 is taxed at 20 per cent, or whether the deductions are ignored and the entire \$3,000 is taxed at 18 per cent. Either way yields \$540 a year to Uncle Sam and costs the wage earner \$10.40 a week, in round figures, in withholding tax.

These proposals are not the last word. They merely demonstrate that there is at least one way, and illustrate the simplicity that is desirable.

What is of primary importance is that, with the war ended and everybody thinking about a return to sound financing, Congress and

the Treasury should immediately revise our archaic, ponderous, economically debilitating tax system.

What is it that we want from a tax law? Why, to finance government operations by taxing each resident according to his ability to pay.

What determines ability to pay? Nothing except the amount of money available to a family in a year, and the number of persons that money must support.

What other considerations must be minded? None.

Revision requires long study

IF Congress really intends to give us a new tax law this year, the Ways and Means Committee should meet at once and get going.

That bill should not be left until the last minute, when there is time neither to draft it properly nor to study it intelligently. It should be put before Congress and the public early this year. Let everybody know what is proposed. Let the special interests and the blocs offer their objections.

Let the vast taxpaying public, either positively or by its frigidity toward the pleas of selfish obstructionists, indicate its desire for such a simple law.

Let the resulting law be made effective January 1, 1947.

Let the vast majority of those who live on wages or salary, however small or large, heave a sigh of relief when they file their returns March 15, 1947, and thenceforth forget that there ever was such a thing as an estimate or an income tax return.

Let me, and all the dozens of others who earn part of our livings by trying to clarify income tax law for the masses—and all of the thousands of pseudo experts who prepare returns for terrified laymen—find new outlets for our ambitions and our energies.

We can. I, for one, would welcome the opportunity. I've "experted" this tax for ten years now, and still I dare not write the simplest article about it without checking laws, reports and experts on virtually every paragraph.

Nor, with all my study of this "simplified" law, can I yet file my own Form 1040 without wondering if I have made some silly blunder or whether, correctly, but foolishly, I have claimed some right about which I shall have to argue endlessly with a well-intentioned auditor who is hopelessly bewildered by the obfuscated law that gives him his living.

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The Twilight of Empire

(Continued from page 40)

called on, however, to supply forces and material to uphold sagging colonial structures. The financial arrangements will be different from those of past centuries when imperial powers hired mercenaries to subdue unruly colonists.

Few take seriously the kindly explanation that colonies are to improve the health, happiness and immortality of the natives. With rare exceptions, their chief purpose is to provide raw materials or serve as military bases. Some colonial establishments have grown from private trading companies. India is the outstanding example. In others, a chief or tribe has invited support against a rival, but in most of them a stronger power has seized the territory and people without explanations.

Colonies are expected to pay

A COLONY, if not a military necessity, should pay its running expenses and, if possible, show a profit for self and empire. The approved method is to keep wage costs at a pittance to produce raw materials cheaply and discourage local industry so manufactured goods will be imported from the home country.

As the outside world loses its mystery for the native, he realizes that colonial systems are not designed entirely for his benefit and has little gratitude for whatever good he has got from them. The result is that colonial powers, their prestige tarnished, now must use force to maintain their rule.

For the same reasons, physical strength is the strongest argument which the colonials have to obtain more self-government or freedom. It is significant that the demands are for political freedom, with seldom, if ever, mention of economic independence. Getting rid of officials who disturb their loafing by orders to go to work may be all that is wanted.

"Why should I go back to the cities?" a white man with the peace of the Tropics in his blood once asked me. "A coconut drops off a tree and I call a boy to pick it up. It's only a cent but there are many days and many trees. Could life be easier?"

Enthusiasts for freedom skirt the problem of reorganizing a colony's economy—shipping, markets, finances—when empire ties are broken. To those responsible for

the fate of empire where a colony is only one piece on the board, economic and military needs are ahead of political and social issues. Filipino leaders were an exception who saw all factors.

Such is the background of the present bloody events in Malaya, Indo-China and the Dutch East Indies. British, French and Dutch are fighting to hold their rich colonies. They have followed traditional colonial policies to provide abundant manpower to produce cheap raw materials—rubber, tin, oil, sugar, rice, quinine and copra. A laborer who must support a family on a daily wage of a few cents has little time for study or talking politics. The ruling powers did not encourage schools, hospitals or such extravagances beyond what were necessary to provide a few clerks and prevent epidemics among the workers.

We set a bad example

WHEN Burton Harrison was governor of the Philippines, he once told me that the British protested that the United States was setting a bad and dangerous example for that part of the world, particularly India, by opening free schools for Filipinos. The French and Dutch were less perturbed as English was not the tongue of the ruling class in their colonies and they could explain this educational heresy to the natives—so they thought at the time—as another strange custom of the funny Americans.

But the craving for independence did grow—with outbreaks at Amritsar in India in 1919, insurrections against the Dutch in 1926 and 1927, and uprisings against the French from 1929 to 1931. When the Japanese came along with their slogan of "Asia for the Asiatics," the colonies were ripe for revolt. The revolts, contrary to what the Japanese expected, were for individual freedom and not for any ideal of Pan-Asianism against the white race. That was demonstrated in the Philippines where the natives, sure of their promised freedom, fought and died with their so-called white "oppressors" against the Japanese "liberators."

That they also were Orientals did not make Japanese rulers more popular than rulers from Europe. It did give the natives a feeling of equality, but self-government, not orientalism, is the issue in Asia as European empires attempt to re-

conquer their colonies. Today, the natives are well armed and fire-arms are no longer a mysterious magic of the white man. They have learned that the foreigner is not infallible, know that he is heavily outnumbered and believe that living, even if it relapses to primitive conditions, will be less strenuous and just as satisfying as under alien rulers.

On colonial issues, the sympathies of nearby China are with the colonists. Choice parts of China are occupied as colonies—British at Hong Kong, Portuguese at Macao and French at Kwang-Chowwan. China is determined to recover Hong Kong though it kept silent when the British reoccupied the island last year. Though China may be reluctant, for military and diplomatic reasons, to start trouble with the British, it would enjoy a row with the French, who it considers has poor soldiers and disagreeable diplomats. Other countries have relinquished colonies and extraterritoriality, but France may haggle until China uses force.

American policies in the Philippines have made friends in the Far East, but native leaders elsewhere expect the United States to go farther and support their revolutionary movements. They criticize loudly because lend-lease equipment over which the United States no longer has control is used in Dutch, British and French colonies. A possibly more substantial criticism is that American diplomatic representatives moving in the higher official circles of the colonial rulers lack contact and knowledge of the abilities, aims and aspirations of the natives.

The Soviet Union, while staking out colonies for itself in Outer Mongolia, Korea and Port Arthur, is constitutionally against other countries holding colonies. Its sympathies are revolutionary but it will be discreet in action.

Cheap labor is less profitable

ECONOMIC changes resulting from the war are another factor often passed over lightly in discussing colonies. The market price for colonies has changed. Synthetic rubber alone threatens a vast reduction in revenue from colonies in the southwest Pacific. One comparison is that 90 men must work for ten cents a day on a plantation to produce as much rubber as one factory worker at \$9 a day. The ruling power fears that the colony will cease to be a rich source of revenue while the worker fears his living standard must sink even lower



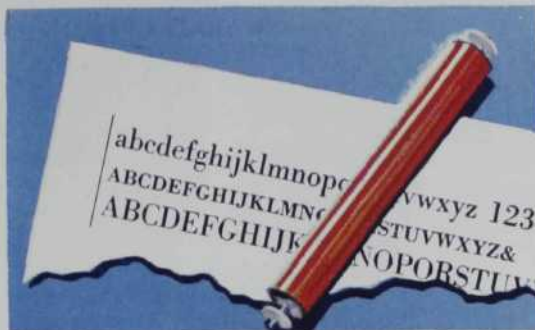
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- ☐ A layout for a piece of printing
- ☐ Lock-up man's mallet



2. FONT

- ☐ Full set of type, one size and face
- ☐ Device for inking a press
- ☐ Magazine for a linotype



3. HYGROSCOPICITY

- ☐ A measure of coating on paper
- ☐ Moisture-absorption property of paper
- ☐ Drying quality of ink



4. FORMATION

- ☐ Magazine make-up
- ☐ Uniformity of fiber in paper
- ☐ Balance in layout

ANSWERS

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if the colony is to compete in world markets. Use of aluminum for tin and copper is another war development seriously affecting the economy of colonies.

The fear is expressed in every discussion of colonies that the natives are not sufficiently developed to be independent. Literacy is a fairly good yardstick, though reading and writing are not needed to shoot a rifle, drive a car or make a tub-thumping speech. Literacy among the 60,000,000-odd inhabitants of the Dutch East Indies is put at seven or ten per cent, depending on whether the natives or the Dutch are explaining the educational accomplishments of the colonial years.

From reports of the fighting there, it is clear that opposition to the return of the Dutch is not limited to the literate. But the argument in those colonies, as in most others, is that there are not enough literate natives to run the country. There should be 4,000,000 to 6,000,000, depending on which percentage is used, while not more than 100,000 Dutch of all ages and sexes, literate or illiterate, actually are in the colony and want to run it. While the great majority of natives in any Asiatic colony, except the Philippines, are uneducated, the small proportion of educated natives are so far ahead of the foreigners in numbers and in thinking that military force is the only argument which can control.

Many colonies are explosive

THIS is unquestionably true since the war. The colonies in the Far East are explosive. Even ours in the Caribbean are making threats. The colonial situation will get worse instead of better. It is so bad that Japanese troops, instead of being disarmed, are being used to subdue natives. In Java, Indian Sikh regiments of the British army fight with Indonesians while the British Navy bombards coastal cities. In French Indo-China, other Indian troops are fighting against Annamites. Siam fears for its independence. Burma and Malaya are smouldering. A united Asia could go far.

In the background is India itself, the biggest colonial problem of the Far East. While Britain is subduing other colonies for the return of the French and Dutch, the flames of revolt may be rising in its own colonies. More than that, there is no assurance that the French and Dutch are strong enough to hold the colonies if the British withdraw.

We have disassociated ourselves from allied command responsibility in that part of the world. That action followed a public statement by Premier Attlee, while in this country to negotiate the \$3,750,000,000 loan, that the United States shared responsibility for the fighting in Java as operations were under the Allied Combined Chiefs of Staff. Until then we had limited ourselves to the Pontius Pilate gesture of asking the British to remove any American labels from tanks or airplanes used to shoot natives fighting for independence. The next worry is whether we will get our soldiers out of India before they are involved in some flare-up there.

Africa has shown progress

WHILE the great war has ushered the colonies of Asia into their own wars for self-government, it shows a different effect on the more backward colonies of Africa which have heard little gunfire. That continent has been almost entirely swallowed by colony-hungry empires. Six European nations—Britain, France, Belgium, Portugal, Italy and Spain—administer more than 88 per cent of its area and 78 per cent of its people.

Though African colonies did not see their rulers thrown out, they did make more progress than in the 75 years since Stanley found Livingstone. With airdromes, new highways and harbors, Africa has become a thoroughfare between Europe and the Orient. Bushmen came from the jungles to work in newly erected factories to produce cement, cotton goods, leather, preserved foods and other necessities which formerly had been imported. The policy of discouraging industry so the colonies would not be self-sufficient was waived during the war and it will be difficult to restore it.

Under war pressure from 1914 to 1918, Canada was industrialized and this war has done the same for Australia and to a lesser extent for the once-dark stretches of Africa and other colonies. The bushman who returns to his jungle kraal has new ideas. He knows there are other ways to move things than by carrying them on his back—less work, more pay and more time to sit around and talk about throwing out the governor. It may not come for another generation, possibly not until the next war, but native leaders will harangue people for self-government in Africa as they have in Asia.

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changes have come in Europe than are threatened by all the colonial ferment in Asia and Africa. The little people whose long-repressed dreams of freedom were realized after World War I by independent nations have disappeared again into the murky nether world of colonies. Poland is partitioned. Estonia, Latvia, Lithuania, Karelia and Bessarabia have disappeared. Finland, Czechoslovakia, Rumania, Bulgaria, Yugoslavia, Austria and Hungary function by grace of the Soviet Union, while Iran and Turkey may follow down the same road. Counting only those countries which it has completely absorbed, the USSR has added 1,500,000 square miles and 30,000,000 souls to its empire.

The destinies of the lost countries of Europe, as of all who are poor but deserving, are not their own. Nominally the United Nations Organization will protect them. Some of them have top billing at amiable world conferences, but more practical Moscow decides who shall be the only candidate at their "free" elections, what visitors may cross their frontiers, when their government shall answer "Yes" or "No" and who shall be deported or shot.

Hitler had ambitions to surround Germany with buffer states, another name for the same servitude. He was stopped, but Europe and the rest of the world are paying. The plan did not die and Moscow now replaces Berlin as its axis.

Oppression will make revolts

COLONIES, like slavery and oppression, cannot endure. Resentment against injustice mounts until it explodes in a revolt—a slight disorder when it comes alone, general unrest when several break together, and world war when the explosions are in close knit dynamic Europe. Dictators may have ambitions to build a Europe which is half free and half colony, but the age is gone when men who once have been free will be slaves again.

Love of freedom is inborn in some and others acquire it until all other ambitions are less important. As the late Manuel Quezon explained to me when his fight for freedom of the Philippines was young:

"We do not have the experience and are not as efficient as the Americans. The country may be more prosperous and move faster under the Americans. But it is our country and we want to run it ourselves and we can learn."

Colonies produce many crops but wars are the final harvest.

High Jinks are Serious Business

(Continued from page 46)

feelings, sensitive to any charge of snobbery, perhaps merely striving to please the greatest possible number, they issued thousands of invitations. The guests in turn apparently decided it would be all right to ring in Uncle Ed who once gave a dollar to Chinese relief or Aunt Minnie who sewed for a French war orphan.

Kindly darkness finally engulfed the shambles where well-fed Americans were wolfing proffered turkey and champagne as if they expected never to eat again. These parties cost a minimum of \$10,000 each, probably more.

The bulk of diplomatic entertaining is, however, now being done by our good neighbors—except Argentina. Brazil is at the moment the bellwether. She has the prestige of having sent an army to the front (Italian); her Ambassador, Carlos Martins, is dean of the corps and his wife is a beautiful and talented sculptor brimming with social graces.

Lobbyists do big entertaining

BUT it is the lobbyist for big business who holds the purse of Fortunatus and his expansiveness has been encouraged by the tax situation. According to no less an authority than the Democratic National Chairman and Postmaster General Bob Hannegan, it costs business men practically none of their own money now to invade Washington on a large scale as surtaxes take it anyway if they don't put it into business expense. So, according to Hannegan, they keep their lobbyists company here and help give little parties to which you must come, Bob, and meet the boys. Ordinarily gregarious, Hannegan wants tax reform that will reduce the Washington invasion and let him get some sleep.

Lobbyists need not fear snubs; the lure of free food and drink is too great. It has been demonstrated over and over again that, despite well-advertised prat falls by the unwary, the best people in Washington will go anywhere to a respectable address if the drinks are free. An example: The late Frank Knox, then Secretary of the Navy, had to explain how he happened to be at the home of a Mr. Monroe who was pouring lavishly at a swell house on R Street near

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This report, of course, is not a financial statement. For a copy of the 86th Annual Report and Statement, call or write any Guardian office.

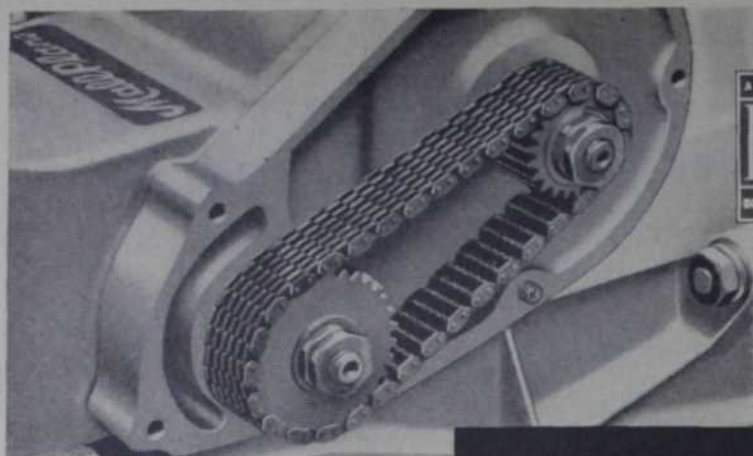
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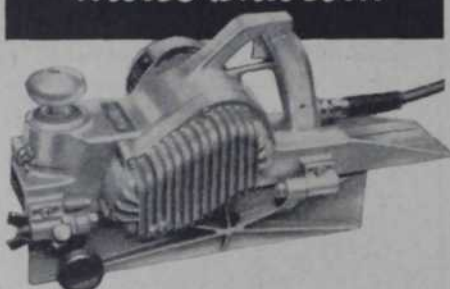
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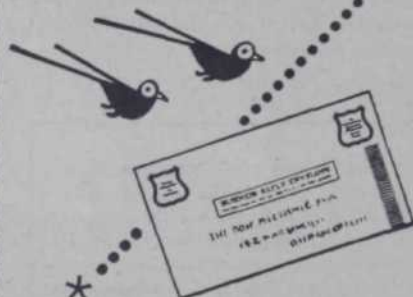
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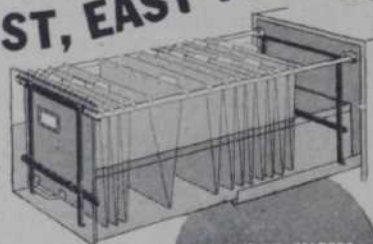
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Herbert Hoover's former residence. Mr. Monroe unfortunately proved to be Mr. Somebody Else whose affairs interested the Senate Military Affairs Committee. Knox said he didn't know Mr. Monroe, a friend brought him. Just another Uncle Ed on a Cabinet scale.

President Truman who had been around long enough to know better also insisted on learning the social facts of life the hard way. His face was red when a Russell Arundel and not the Democrats got credit for picking up the check for his outing with the boys at Jefferson Island last fall.

Entertaining hundreds of thirsty Democrats on a junket is expensive even if the cost was not the \$50,000 Rep. Clare Hoffman claimed it was.

Old society in the background

THE modern temper, which frowns on the social as a way of life, plus the high taxes which make it too expensive have about put the Washington cliff dwellers out of business.

Their importance has decreased also as this once sleepy city became almost against its will a metropolis at least in size. According to the wits, it now has all the charm of the North and the efficiency of the South.

Born to the old Washington tradition which they salt down liberally with politics are the famous trio of Evelyn Walsh McLean, Alice Roosevelt Longworth and Eleanor Patterson.

The dolls come and go; these are the glamour girls of Washington whose invitations are greatly prized.

It is the fashion of the intellectuals to picture Mrs. McLean as a reactionary, even fascist, intriguer, in part perhaps because her daughter married former Senator Bob Reynolds who leans to white supremacy. Nothing could be sillier. Mrs. McLean is not a menace, she is an anachronism. She is probably the only living exponent of the art



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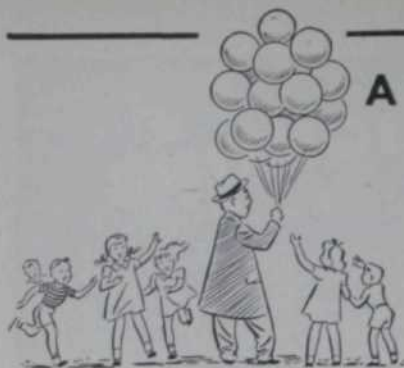
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of hospitality on the grand scale as practiced in the millionaire era, B.I.T. (Before Income Taxes). She does it because she has to do something or bust and it's all she knows how to do.

The irony is that the woman renowned for the Hope Diamond and other massive baubles would have been famous if she had had to scratch her way up from hell's kitchen. She has energy, vitality, wit, shrewdness (despite fantastic lapses in judgment), a glowing heart, a keen curiosity and an urge to be noticed. Her health is poor now and the silver plate in her hip aches but she's game.

Parties for wounded soldiers

HER parties are fewer this year because every Saturday she throws Friendship open for the amputees from Walter Reed hospital and their girl friends. She feeds them the same dinners and champagne that she gives the Cabinet. They neck happily among the antiques gathered by the Walshes and McLeans from every city of Europe and the girls take turns wearing the Hope Diamond, the Star of the East, the 100 carat rings and the inch-wide diamond bracelets. Mrs. McLean calls all the lads what she calls the President and Supreme Court Justices: "Darlin' boy."

Mrs. McLean has page one names at her home always. Yet she will screen out the deliberately unkind and the cheats no matter who they are.

Alice Longworth's caustic wit is increasingly confined to an inner circle since the dual advent of Cousin Franklin and the war of which she took an equally dim view. But her party's candidates are not spared. Of the ubiquitous Willkie she said: "It's not necessary to invite him to your house. You just put a lighted candle in the window and he will drop in." Of Tom Dewey: "How can you vote for the man who looks like the bridegroom on the wedding cake?" Anybody who can talk like that will have an audience in Washington.

Mrs. Patterson wields enormous influence as hostess and publisher. Cissy can walk down a staircase better than any woman in Washington. She can also make you feel that she has that white marble palace on Dupont Circle so that you could come there. The lulled recipients of these attentions sometimes are jerked awake by a whiplash from Cissy's *Times-Herald* but they never find her dull.

Thus Washington. Not perhaps the best show on earth but the biggest.

PRESIDENT TRUMAN has referred to 1946 as "a year of decision." The trails we blaze on the reconversion road this year will determine the course of our national economy for perhaps a decade. Does reconversion mark a road toward resumption of competition and free enterprise, or a movement toward a permanent system of managed economy—an American adaptation, perhaps, of Europe's now prostrate systems of national socialism?

The big decision, say many leaders in both Congress and business, will come on price control. The present law expires at midnight June 30. President Truman has urged its extension. Will Congress concur?

Price control is the very essence of managed economy, or economic regimentation. If the Government is to control peacetime prices, it soon will discover—as it did in wartime—that it also must control production specifications, wages, raw material standards, distribution margins.

"Price control saved America from a disastrous wartime inflation," say the friends of OPA.

"Price control is throttling reconversion, curtailing employment opportunities, demoralizing established business methods and practices," cry the defenders of the American enterprise system.

The debate is on!

Whatever may be said for OPA as a wartime agency, the pressing civilian needs of the reconversion period present a vastly different

The High Price of Price Control

By LAWRENCE SULLIVAN



Hi diddle, diddle, we're caught in the middle;
The wells of the market run dry.
The ceiling on prices produces a crisis
That leaves us with nothing to buy



On a "79-cent dress," the new producer got a ceiling of \$4.37

problem. In wartime, a policy which discouraged civilian production and consumption through inequitable pricing may have been justified in that it tended to divert materials and manpower to war goods. But precisely the opposite is needed in peacetime pricing. The American people today want goods! Any federal control which stifles or limits production or distribution is subject to challenge.

Low prices, few goods

THREE committees of Congress already have heard segments of the story of the price of price control. The House Banking and Currency Committee took down some 1,300 printed pages of testimony last summer in connection with the extension of the emergency Stabili-

zation Act; the special Smith Committee investigating the Executive agencies has issued two reports on OPA; and the Senate Small Business Committee has documented more than 5,000 specific complaints from the business community on the general theme, *How OPA Cut My Throat*.

"The real preventive of inflation is production," the business men tell Congress. "Take OPA off our necks, and let's get going!"

"No," says the newly appointed Economic Stabilizer Bowles, in effect. "Price controls must not be removed until production is adequate."

But OPA tells manufacturers that their postwar prices must be related generally to their 1942 prices—despite the fact that industrial raw materials now are

about 28 per cent higher, and average straight-time hourly wages are up. Meanwhile, the weighted average of wholesale prices for manufactured products has risen only about eight per cent. This squeeze on operating margins, business men contend, has curtailed production, crippled normal distribution in many lines at both the wholesale and retail levels, introduced a new system of merchandizing best described as the "I-know-a-guy" outlet.

Many fear that another year of price control would so disorganize and dislocate the normal pattern of our American economy that prolonged regimentation would appear perhaps irresistible.

Every major nation tried price control in World War II. But in most European countries, wartime price control was but an extension of the peacetime pattern of managed economy. In Germany, Russia, Italy, for instance, the pattern of dictatorship was the peacetime norm. Wartime price controls were merely another step along a familiar path. In America, however, price control was a new and alien thing—tolerated everywhere only as an emergency measure which, by implication at least, would be abandoned at the earliest moment possible.

Price control ran against the grain of America on many counts. Over large areas of business it diverted ingenuity and the skills of management from production to distribution. It introduced an era of trickery and border-line compliance in every avenue of marketing. Price ceilings tended in many

lines to drive low-cost merchandise completely from the market; to divert essential allocated materials from staple civilian merchandise to price-free luxury goods; to undermine every natural impulse toward quality merchandise.

Shoddy dealings

CONSUMER morale was shocked by an ever-spreading system of favoritism, behind-the-hand deals, tips and gratuities for scarce merchandise. The consumer soon lost his vaunted place as monarch of the market and became a pitiable thing, pleading for a chance to buy.

The result was a grievous distortion of the entire economy of the U. S. Evasion, deception, substitution replaced the traditional American business standards of quality, fair dealing and faithful service.

The American people want to get on the beam once more—the beam of maximum production, full employment, normal distribution, and competitive prices for honest merchandise. To do this, say those who have studied price control at close range since 1941, they must slam the door of history on an experiment which, in peacetime, has neither reason nor experience to recommend it.

Inferior products, through substitutions, dilution, or skimping,



The veteran walks into and out of stores unable to buy what he needs

have been one notable result of price fixing in the reconversion period. The Smith Committee's reports document scores of instances in which high-quality products of the prewar days were driven from the postwar market by ceiling prices lower than postwar production costs—only to be replaced in the course of a few months by an inferior product officially ceilinged at a higher price.

"Cheap" robe at higher price

ONE long-established firm, the hearings disclose, sold a quality bathrobe recognized in the trade as "a superior garment." OPA set the ceiling price at \$3. The manufacturer could not make a profit at that price. But a new manufacturer who came in with no prewar cost experience then got a ceiling of \$3.25 for his robe, "with a poorly finished collar, careless seams, cheap binding and a sleazy cord." With a higher price for an inferior item, the new producer can supply plenty of robes at a profit, and that is what the trade now gets. Meanwhile, the established and experienced producer of the quality product is "ceilinged out of business."

A manufacturer of infants' dresses got a ceiling of \$8.50 a dozen—too low to allow a profit. But a newcomer in the field got a ceiling of \$10.50 for an inferior product.

In men's shorts, two different producers got ceilings of \$3.50 and \$3.55 per dozen for standard prewar garments. But a new starter in the field got a ceiling of \$7.35 a dozen for a garment "made of white sheeting."

An established toy maker was



The consumer was no longer monarch of the market, but became a pitiable thing, pleading for a chance to buy



Never thought we'd be done by five

Going down, please.

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ceilinged at \$1.92 for a sturdy rubber-tired scooter; but a newcomer who used scrap metals exclusively got a ceiling of \$3.75.

In women's apparel, the deterioration of quality at higher ticket price has been especially marked. In one case, a manufacturer sold a standard house dress for \$1.30 in 1942. On the basis of 1945 costs he petitioned for a price of \$2.18 for the same item. This was denied. But a new producer soon got a ceiling of \$4.37 for a competing dress, "although better material was used in dresses selling for 79 cents in 1942."

A similar case was cited by Sen. Kenneth S. Wherry, of Nebraska, in a coast-to-coast broadcast. Standing before the microphone in New York, he exhibited to the studio audience two peach-colored slips. The first was designed to sell prewar at \$1.95 retail. Now ceilinged below actual production cost, it had been driven from the market.

"So what happened?" the Senator demanded. "Another manufacturer makes a shoddy garment, calls it a new design, and is able to sell it for \$3.95—and you can't tell the front from the back! That's the kind of sacks Chester Bowles is hanging on the women of America."

The Senator also exhibited a cotton party dress which he said had been priced at \$76—"and it doesn't have three pounds of cotton in it."

Quality gets poorer

A RETURNED army officer told the Senate Small Business Committee a similar story. He owns a chain of 15 variety stores in Georgia and Florida. Released from the service, he went to New York to buy baby dresses. But the company he sought had gone out of business. He placed an order with a new firm. A month later he got samples of the new product. The cloth was "not even suited for baby dresses, and the workmanship was the poorest." Yet prices were much higher.

Like exhibits were presented in behalf of manufacturers, wholesalers and retailers in kitchen equipment, furniture, toys, handbags, shoes, and many other items. One long-established producer of shoe bags got a ceiling of \$7.20 a dozen. As soon as his carry-over inventories of materials were exhausted he stopped production. But a new producer then got a ceiling of \$13.50 a dozen.

Summarizing testimony covering hundreds of these cases, the

National Retail Dry Goods Association said:

"Too often reliable manufacturers are not allowed reasonable ceilings for their honest merchandise, but newcomers can sell inferior goods for twice as much—with OPA's blessing. That is why the American housewife cannot find good moderate-priced dresses in the market."

All these dislocations in civilian production and distribution in the past six months have, in the words of the Oct. 22 report of the Smith Committee:

"... retarded reconversion, prevented production, especially in low-priced commodities, restricted opportunity for full employment and, at least in some instances, actually caused prices of cost-of-living commodities to rise."

Better supplies anticipated

IT was natural for consumers to anticipate last August that the end of the war would bring a gradual and sustained improvement in retail supply straight across the boards. No one expected normal supplies in 60 or 90 days; but everyone had a right to, and did, anticipate that the trend of improvement would be observed in practically every line by the year-end. That expectation has been disappointed sadly. In many lines, particularly in textiles, wholesale and retail inventories are smaller today than at any time during the war.

Speaking for the National Association of Retail Clothiers, W. O. Swanson, of Omaha, told the Senate Small Business Committee:

"In my store today I have five per cent of the suits that I normally have at this time of year. Overcoats are only slightly better. Our stock of heavy underwear—none. We get enough overalls to sell them for about two hours each month. Work gloves are almost extinct. Regular underwear is sold as soon as it comes in, so there is no inventory. Our situation is typical of men's stores, both large and small. In spite of promised relief, the situation is growing steadily worse."

Inventories are extra low

MR. SWANSON presented statistics covering a survey of 174 men's stores in Minnesota, North Dakota, South Dakota, Iowa and Wisconsin. In June, 1945, their stocks of suits were 28 per cent below a year earlier; but by December suits on hand were 70 per cent below a year ago. The June survey showed shirts

84 per cent below a year ago, pajamas 87 per cent below, underwear 68 per cent below.

A survey of 77 men's stores showed that more than 50 per cent of the customers were returning service men—and nearly 45 per cent are walking into the stores and out again, unable to buy what they need.

Asked how OPA's Maximum Average Price policy had affected retail supplies of clothing, Mr. Swanson said he believed it had diverted many textiles from staple to luxury items.

He estimated that, in 1946, about 7,000,000 men will be discharged from the services. They will require at least two suits each. On top of that, 10,000,000 garments must be available for essential civilian demand. Right now the manufacturing industry is producing on the basis of less than 10,000,000 garments a year, and last year only 14,000,000 garments were produced.

"It has been almost a year since OPA announced its low-cost clothing program, which came out with a fanfare that it would cause a large volume of low- and medium-price merchandise to be in the men's stores."

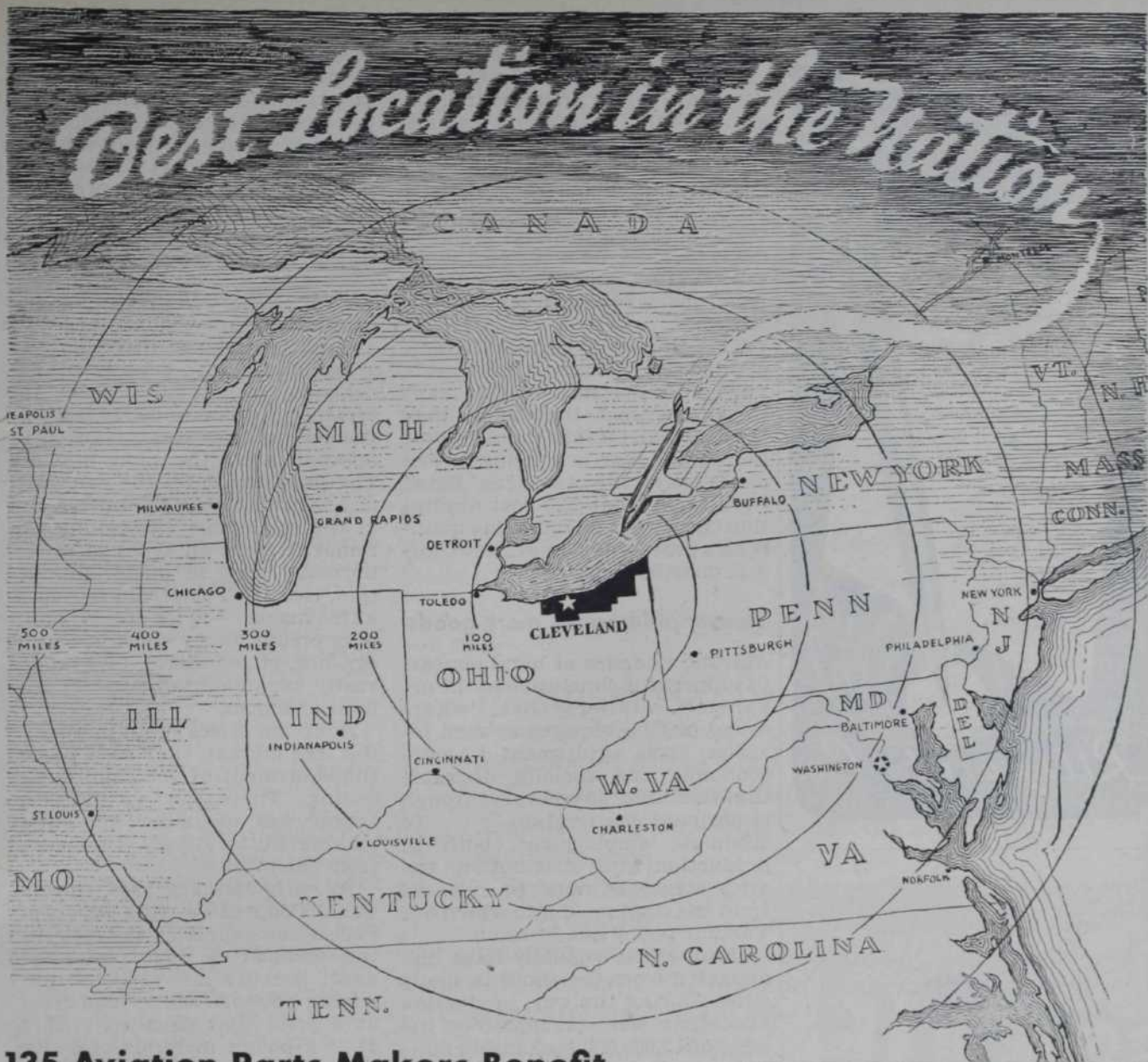
OPA's cost-absorption principle, which requires wholesalers and retailers to absorb a large portion of price increases granted to manufacturers, already is limiting re-employment in the retail trade, the Senate hearings disclose.

Retailers absorb the cost

IN A detailed field study of the cost-absorption policy, the American Retail Federation listed 127 different price increases approved by OPA at the manufacturing level. But in 96 cases the retailer was required to absorb the entire price increase. This policy has pinched retail margins, until the incentive to wider distribution of goods, in some lines, has been stifled.

The hold-the-line policy, as applied, attempted to hold the retail level at 1942, while permitting basic production costs to inch upward, through wage increases approved by the War Labor Board, and higher raw material costs generated by the price-support and government-loan programs for agricultural products. As a general rule, OPA has required wholesalers and retailers to absorb most of all of these approved cost increases out of normal operating margins.

Cotton sheeting well illustrates the problem, which touches every



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major line found in the department stores, hardware stores, or general variety stores. In September, 1941, before price control, the average retail markup on a standard bed sheet was roughly 30 per cent. OPA advanced the retail ceiling on this item from \$1.19 to \$1.29, but in so doing advanced the manufacturer's ceiling from 83 cents to \$1.23. As a result, the retailer's gross margin was squeezed from about 36 cents per sheet to six cents.

This theory of cost absorption, applied straight across the boards, now clogs distribution in many lines. The fact that more than 250,000 retail establishments closed during the war is conclusive evidence, says the American Retail Federation, that the cost-absorption theory has held the line mainly by a process of slow death to normal distribution.

Reasonable prices, more goods

ALL the evidence at hand appears to support the conclusion of the organized retailers that "where sound pricing requires upward revision, such adjustment is more economic and socially desirable than damming up recovery through inadequate distribution. . . . To stimulate employment, both in production and distribution, the price structure must be released from the rigid mold into which our wartime policy has frozen it."

Men's shirts virtually have disappeared from the shops in many cities. During the war, production allocations were calculated on the basis of 12,000,000 men in the military services. Half of these men now have been demobilized, but the Government's low-cost production schedules still are geared to the original civilian demand levels of 1943-44.

These basic production allocations in textiles are a joint operation of OPA and the Civilian Production Administration (formerly WPB), but the price ceilings and distribution margins fixed under wartime conditions still control every major segment of the cotton industry.

Instead of stimulating all-out production at profitable prices, this production-price structure, by squeezing mill margins, actually puts a premium on restricted production. In many cases, mill operators find from cost analysis that the less they produce the nearer they may hope to come to breaking even on the month.

But, although standard garments in shirting are rigidly

ceilinged, novelty numbers move on easier margins, either because of new prices fixed on the basis of wartime costs, or failure of the price regulations to extend to the so-called luxury items. As a result, all manner of sport shirts, work jackets and trick blouses are available at \$6 to \$15 per garment.

Butter famine caused by prices

PRICE DISLOCATION alone has created a nation-wide butter shortage during the past three months. When the butter subsidy of five cents a pound (paid to the creamery) was abandoned last fall, the ceiling price was advanced by approximately the same amount. The plan was to let the consumer pay the full cost of the butter. But at the same time, the ceiling was removed from all types of cream normally used in butter production. Result? The cream moved in a free market—to ice cream, whipping cream, fancy cheeses, candy, egg-nog mixes, cakes, pies, and a vastly expanded table use in millions of homes.

As cream prices swept upward in the free market, they soon passed the equivalent of the rigid butter ceiling. Thereafter virtually no cream was available for butter making. Butter simply disappeared from the market.

By early January, 1946, the National Cooperative Milk Producers Federation expressed the fear that the creameries might be closed down because many people were buying butter in the form of cream at a price that equalled \$1.25 to \$1.50 a pound in terms of butter. A stampede demand developed for one-family kitchen churns.

The dairy industry took its case to Congress, with a vigorous demand that the butter ceiling be adjusted to alignment with the going price of cream. At that point Secretary of Agriculture Anderson estimated that the butter ceiling probably would need to be set ultimately near 75 or 80 cents a pound. If the butter drought continues two months longer, the final price necessary to bring butter back into normal distribution channels may reach \$1.00 a pound. Why? Because the longer price control dislocates supply with faulty pricing, the greater will be the national shortage, and the higher, consequently, the new price level.

This whole operation has been repeated in other products—in meats, cotton textiles, flour, to name a few. In each case, OPA ceilinged the consumer product at wholesale and retail, but left the



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Premium
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basic raw material in a practically free market, anchored only to a floating "parity" which moved steadily upward. In every product the point was reached ultimately at which the processor could not pay the government support-price for the raw material and yet prepare it for market at a profit under the established OPA ceiling.

As the recent experience in butter demonstrates so forcefully, the pay-off comes when the subsidy is abandoned—as all will be by June 30, 1946. Then we shall see, in dollars and cents, how much the cost of living was "stabilized" and to what extent it was merely subsidized by the U. S. Treasury, in the alluring name of "parity."

Wool growers lose money

COSTS are costs, and if production is to be maintained these new costs must be met in selling prices.

Congressman Frank A. Barrett, of Wyoming, our second ranking wool-producing State, charges that OPA has been responsible for "a drastic reduction in domestic wool production during each year of the war," despite the fact that our consumption almost doubled. He cited a report from the U. S. Tariff Commission in January, 1945, estimating that, under OPA ceilings, domestic wool growers lost 10.8 cents a pound on their 1944 clip. The wool ceiling was fixed in 1941. Production costs have skyrocketed, but OPA refused a ceiling adjustment.

"The wool industry is well on the way to becoming one of the casualties of the war," Congressman Barrett told the Smith Committee. "Slowly but surely we have been forced to cut down our herds."

To stretch civilian wool allocations, a combination of OPA price orders and WPB production specifications, forced the manufacture early in the war of some 700,000 yards of adulterated fabrics.

"Adulteration of wool textiles reached a new high in this country," Barrett told the committee. "But the buying public wouldn't take it. The goods remained on the shelves of the garment makers and the mills from 1942 until the end of 1944. Then UNRRA bought it for export."

Another case cited before the Senate Small Business Committee revolved around paint brushes. A New Jersey manufacturer had been fully occupied producing brushes on war priorities. In February, 1944, he asked for a price increase to apply on civilian items, which he anticipated would be re-



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sumed by midyear. On August 7, 1944, he finally got a price. It took due account of the increased cost of bristles, but made no allowances for higher costs on machine-turned handles. The new price was so unsatisfactory that the entire line was discontinued. As this line represented about 51 per cent of the firm's peacetime business, its discontinuance has been a considerable factor in limiting postwar jobs in that area.

Favor OPA elimination

SIX WEEKS after publication of the most recent report from the Smith Committee on OPA, Congress still was being bombarded with telegrams from merchants in all parts of the country. Typical was the message from A. L. Killian, of Cedar Rapids, Iowa, as read to the Senate on December 10, 1945:

"We urgently recommend you investigate possibility of eliminating OPA in all phases except sugar, fats and rent control. We have a strong feeling this would eliminate much shoddy merchandise made by fly-by-night manufacturers at ridiculously high prices approved by OPA. We are getting dribble shipments from old established firms while getting many offers by new firms we never heard of, with prices approximately double reputable firms'.

"If legitimate manufacturers are turned loose to produce, competition will soon level prices off and quality will improve rapidly. Retailers and the public will revolt at excessive prices. Reputable stores and manufacturers will not cut their own throats for short-term profits.

"Unless we get immediate action of some kind to encourage production of dependable merchandise, scarcity of goods will become so acute that the situation will not be manageable."

Appeals of this general tenor reach Congress by the hundreds every day. They come chiefly from owners and managers of small businesses—those who simply can't stand the overhead imposed by OPA in compliance forms, inventory reports, and daily applications for merchandise quotas and allocations.

As a gesture of appeasement, OPA announces every month a list of commodities removed from wartime price control. The December list in-

cluded such urgent civilian needs as domestically grown bamboo poles, advertising streamers made of coated fabrics, manhole covers, pneumatic life rafts, horse race sulkies, racing motorcycles and wooden cooperage dowels.

Such lists have been coming along periodically since August. They are the basis of OPA's claim that "wartime controls are being relaxed as fast as the supply situation will permit."

True, several thousand items have been removed from control; but in relative business volume all the freed items combined probably would not make a good trainload of business daily in the entire nation.

Meanwhile, the techniques of permanent price control are being ever more deeply anchored—and "perfected"—in every basic line of production and distribution.

Maybe it can happen here.

Peacetime business needed

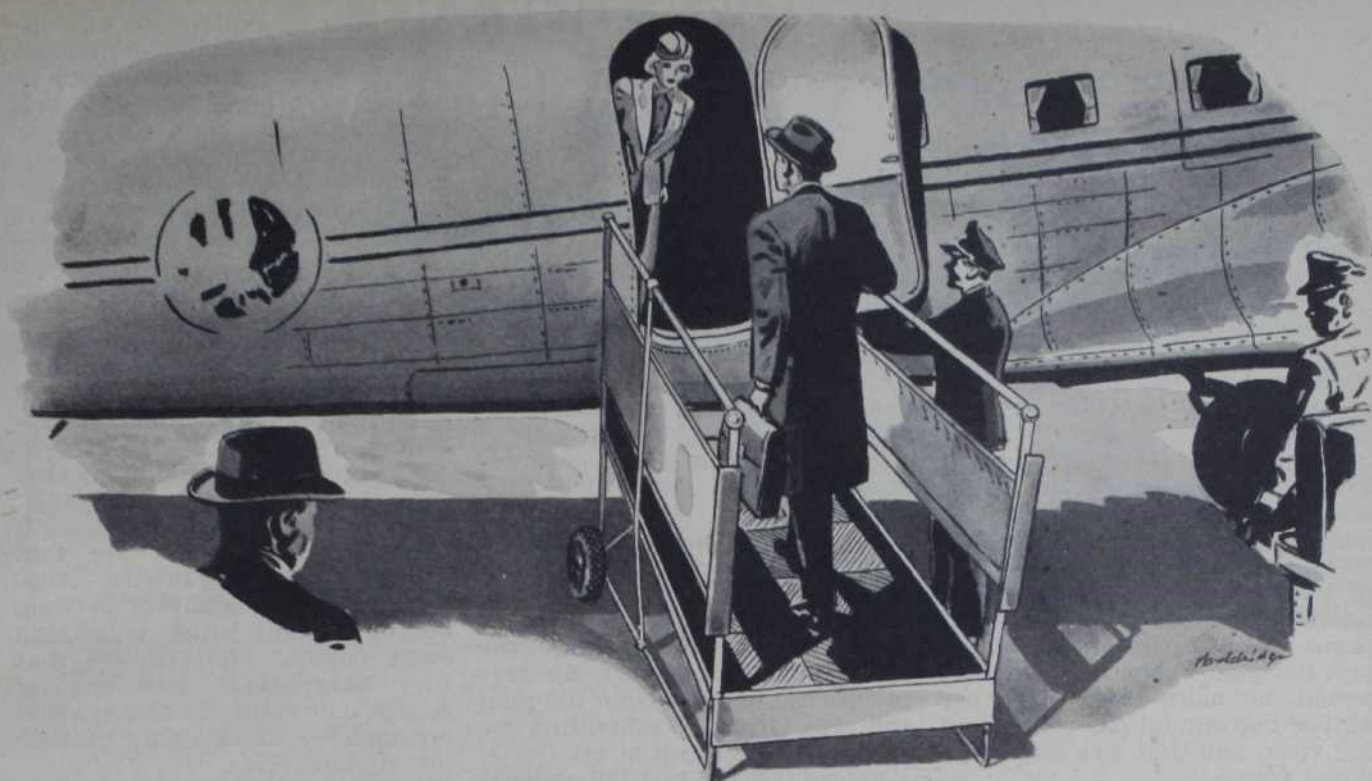
IN THE final analysis, the Smith Committee is concerned not a whit with the debate over the value of OPA as a wartime measure. Its interest is now centered on the problem of getting America back in stride for maximum production, full employment and normal distribution of goods. Its survey of reconversion price policies, as applied in scores of industries to thousands of items, led the Committee to conclude:

"It is manifest that the effect of a continuation of too rigid price and administrative policies can prove seriously detrimental, not only to reconversion itself, but to the economy of the nation and the utility of its currency."

That, in a word, means that OPA, instead of ameliorating the situation, is accused of actually generating the forces of inflation.



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(Continued from page 54)

tinued using the same brand of soap.

Now, to take care of these periods, we have had to arrange storage facilities for a minimum of one month's supply and a maximum of two. But experience shows that we face such a situation only about one year in three, and then for a period of not more than six months. So we feel that, even if we have to lease outside storage at these times, the cost does not equal the advantages of operating plants evenly.

In our own particular business we have had no financial problem in handling steady employment, because over the 20-odd years I think we have paid out, to maintain the plan in the most difficult period, no more than three per cent of our annual pay roll in any one year; and that was an exceptional year.

Advantage of steady business

IN BUYING materials we found that, instead of saying to a manufacturer, "We want to buy 300 cars of boxes per year," we could say, "What will be the price if you ship us one car of boxes a day every weekday morning in the coming year?"

He could see the advantage of this at once—the steady running of his plant, the steady employment of his people. We immediately got the benefit. A big saving in the purchase of materials resulted.

For a time cottonseed oil seemed to present insurmountable obstacles to stabilizing employment. The supply is dependent on a crop the size of which is an act of God and which ripens according to the whims of nature.

For more than a century cottonseed has been brought in from the farms to the crushing mills during a two-months' period. During the next two months or so it was crushed and, in the following two months or so, it moved out of the mills.

For these reasons the crushing mills were shut down for six or seven months and, of course, the employees laid off.

When we realized that, after all, products made from that oil—shortening, for instance—were consumed regularly, month by month with only slight variations throughout the year, we felt that here, too, something could be done to regularize production. The an-

swer was found in different methods of storing and handling the seed.

Today our 15 crushing mills in the South run from 11 to 12 months, with a consequent saving in investment for factory capacity per ton of seed and—what is even more surprising—an improved yield and quality of the oil. The steady employment results in keeping trained men on the job instead of having to train a new crew every crop season.

Less capacity is needed

AS IN the cottonseed crushing mills, steady operation reduced capital investment throughout the plants. This was, in fact, the biggest saving to come from the plan and was, frankly, something we never thought about at all.

Before 1923, we had 140 per cent capacity in our plants. Today we have 105 per cent capacity. If we had been operating all these years on the basis of the years before 1923, our Company would have had to invest \$100,000,000 more in plants than it has to date. We would have had depreciation on that, and carrying charges, and interest.

Every plant that runs regularly must provide for that irregularity, because the higher you go up, or the lower you go down—the thing has to match out. If you are running your business up to 140 per cent one month, you know you are going down to 60 per cent some month to offset it.

So the greatest saving came without our ever knowing about it. There were many savings in it, tremendous savings. It is worth struggling for, and it is all based on the consumption line.

Workers have regular jobs

ALL of these production and marketing economies are important, but none of them has approached that which we call the intangibles—the benefits resulting from the change in the state of mind of the employee who knows he has a regular job.

As an example, the past 20 years have brought great strides in our industry's ability to produce more units per man. In fact, the development along these lines has been responsible for keeping costs down. We found that, once the plan was in effect, we had no trouble getting

our people to experiment and cooperate in working out important procedures of production—such as having, say, four people on a line doing what five used to do—because each man knew that he wouldn't lose his job if the experiment succeeded.

I do not think it is accidental that we have not had a real strike in 60 years in our plants. The fact that that record goes back long before the guarantee plan was inaugurated may be significant of a tradition of what you might call healthy worker-management conditions.

Now, I do not pretend to say that the plan is insurance against strikes under certain conditions. It is not a cure-all. But we feel that it would take a very intense situation to cause employees to walk out of a plant which is making every possible effort to see that they have steady jobs and, of course, doing the other things that an employer should do for his people.

Steady employment helps all

I WOULD say that the steady employment plan is probably the greatest thing in our Company, the greatest single factor—even greater than profit-sharing—in producing good relations.

Certainly, if any manufacturer can find a way to produce his goods evenly, he will find economies in his operation that he doesn't now enjoy and I believe, further, that it is primarily the problem of the manufacturer—although the firm that produces the raw materials is tremendously affected.

The steel man or the coal man, for instance, is well-nigh helpless to provide steady employment unless those who use his products operate their plants evenly. There is no point, then, in fussing at the steel producer or the coal producer. I hope very much, too, that neither the state nor the federal government attempts to guarantee steady jobs. I think such a program is doomed to failure before it starts and will do nothing but make for trouble.

On the other hand, it will be helpful to the Administration if the men responsible for employment can work out to a reasonable extent steady jobs for their workers—steady employment.

I believe that, if industry tackles this subject, such improvement will result that labor leaders will see it, labor itself will see it, the Administration will see it, and this will be tremendously helpful to our economy and to our people.

HOW MUCH DO YOU KNOW

About a metal you see every day?

WHAT MAKES STAINLESS STEEL "STAINLESS"?

This high-speed train wears a gleaming sheath of steel that's stainless—stainless because of the **CHROMIUM** it contains. Trains, planes, buses and cars of the future all will be finer still—and lighter, stronger, safer—because of increasing use of chromium in their steels.



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Highly corrosive acids help refine America's oceans of high octane gasoline. But today's refineries withstand fierce acids, high temperatures and pressures—because **CHROMIUM** stoutly fortifies their metals.



WHY CAN THIS TRUCK "take it"?

The steels of many truck and automobile bodies, springs, gears and other parts contain **CHROMIUM**—for chromium helps give these steels amazing resistance to shock, fatigue, wear.

CHROMIUM is well known to many people for the powerful influence it exerts upon steel. Most of the alloy steels relied upon today for beauty, durability, and resistance to heat and corrosion now contain this interesting element.

Many years ago Units of Union Carbide discovered how to extract chromium from its native ore. They since have been constantly at work on the ever growing list of chromium alloys and their uses.


Union Carbide does not make or fabricate steel.

ELECTRO METALLURGICAL COMPANY and other Units of UCC, however, supply to industry such wonder-working metals as chromium, manganese, and vanadium. With these, and the many other basic raw materials produced by UCC, industry improves a thousand and one products that serve all of us.



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powering this war machine through billions of miles ...over all kinds of terrain...in all parts of the world.

GET A 'Jeep'

TO MILLIONS OF PEOPLE 'JEEP' MEANS WILLYS

If We Had a Labor Government

(Continued from page 43)

win the support of the medical profession. Perhaps the doctors could be persuaded that "socialized medicine" is just a bogie, that no sensible man wishes to disrupt or discredit the medical profession.

Even if conciliation failed, a Labor Government would insist on putting over an adequate health program. Fine hospitals, filled with the best the genius of man has devised, would be built throughout the country.

We are doing it for the veterans now. Why should we hesitate to extend the program?

Why should the mother who expects a baby within the week be tortured by the fear that she will not be able to get proper care—just because her husband happens to be a worker or a farmer?

Why should a worker be forced to postpone a needed operation, the care of his teeth or his eyes, because he hasn't the money to pay the bill?

Some may say those are rhetorical questions, but millions of Americans don't view the matter in that light. The old political parties may ignore their pleas, but a Labor party would place the issue very close to the top of its agenda.

Enabling more to vote

THE Poll Tax as a qualification for voting would be outlawed as soon as a Labor Congress could call the roll on the necessary legislation.

The most corrupt political machines in this country are disfranchising millions of voters in the so-called "Poll Tax States."

Tricky election laws have also been enacted. They make it possible for a small number of crooked politicians to put their stooges into office.

The people of the "Poll Tax States" should not be censured. They are comparatively helpless. A Labor Government would emancipate them.

Our Labor party has been so busy cleaning house at home that we haven't touched on international affairs. Well, our Labor party felt its first duty was to set a good example to the rest of the world—to demonstrate that it isn't necessary for intelligent men to walk away from democracy and seek political and economic relief in one of these weird ideologies.

Now that we have straightened

out things on the home front and men are working and business is moving along in good shape, we will have time to drop in on our neighbors.

A Labor party would be the unswerving champion of world peace. Here at home it would maintain an unbeatable Navy, the kind of air force only America can supply and an army of volunteers.

An Army with modern training

IT wouldn't be an old-fashioned Army. The day when an aroused patriot grabbed his flint lock from above the fireplace and rushed off to war has passed. A modern army must be made up of skilled men, with adequate educational background.

Under a Labor Government, no boy could hope to enter West Point or Annapolis unless he had served at least two years in this volunteer army. If he made the grade, he would have the same chance as every other boy to win "his bars." Whether in the ranks or among the officers, he would be paid according to the importance of his work.

There would be plenty of discipline, but there would be none of those foolish class distinctions which have aroused so much resentment among the soldiers who won this war.

With such a military establishment, a Labor Government would be prepared to defend this hemisphere against all comers. In the Old World, our Labor Government would proceed on the theory that the Declaration of Independence means exactly what it says, that governments derive their just powers from the consent of the governed.

There would be little quarrelling about the form of government that peoples of other lands decided was best adapted to their needs. Our Labor Government wouldn't stick its nose into their affairs, just as it would be quick to resent any attempt to interfere in ours.

"Dollar diplomacy" would, as "Al" Smith used to say, be "out the window." The American who invested his dollars in a foreign land would be told that he must respect the laws of that land. *Our Labor Government wouldn't land Marines to collect some banker's 20 per cent loan.* Foreign nations would like our Labor Government—and respect it, too.

"But where would you get the

money to do all these things?" Naturally, I expected that question.

I might reply, "Where did we get the money to fight the greatest war of all time?" But I won't. The leaders of a Labor Government would not be flippant when discussing serious questions. Their reply would be:

"We will get the money through taxation, and our tax system will be based on ability to pay. First of all, every man and woman will be granted an exemption sufficient to cover the cost of living.

"We won't tax the food out of a worker's mouth, and we won't place on business a burden it cannot bear.

"We'll experience no difficulty in getting all the money we need, and we won't indulge in deficit spending, either.

"Workers are hard-headed. They are accustomed to paying their bills at the end of the week or the month.

"It is only in an emergency that they incur indebtedness, and it is only in an emergency that a Labor Government would permit Uncle Sam to pile up indebtedness."

Having gone this far, our Labor Government could afford to pause to take stock and prepare for the next election. Some would say it hadn't accomplished enough, and others would argue "a bunch of 'Reds' are running things in Washington," but the Labor party could afford to submit its case to the people and to await their verdict.

90 Degrees Below

A NEW cold room in which rubber and synthetic rubber compounds, plastics and other materials can be tested at temperatures from 50 degrees above zero to 90 degrees below, Fahrenheit, has been installed by The B. F. Goodrich Company at its Akron plants.

Thirty feet long, 15 feet wide, the cold room has five working units, each six feet square, cooled by a three-stage compressor unit and a single-stage compressor using Freon 12 and 22 as refrigerants. Each unit operates separately, with electrically controlled temperatures charted for a 24-hour study at different levels.

Vital necessity for careful testing of rubber, plastic and metal products under extreme cold was emphasized during the war, when ground temperatures of 65 degrees below were encountered in Siberia, Alaska and other places, and lower ranges met in high altitude flying, even in the tropics.

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EATON'S BERKSHIRE
Typewriter Papers



PITTSFIELD, MASSACHUSETTS

FINE PAPERS FOR BUSINESS AND SOCIAL USE

A City Reconverts a Boom

(Continued from page 58)

report. Their inquiry into the economic facts of life in Grand Rapids had already straightened out their perspective.

They knew the town had about 90 woodworking companies. Sure, that was important and so were the 2,000 new jobs they expected to grow out of a cooperatively produced 100-piece line of neo-modern hotel furniture, laminated plywood products, warp-proof bureau drawers and the like.

But, more important in the mass, was the fact that Grand Rapids had 3,600 other non-furniture businesses where 17,000 new jobs were to be found.

Their experience had been akin to a youngster going up into the attic to unpack an old trunk. Grandma had said everything was in the tray. Actually, the tray had turned out shallow and only half full. But the rest of the trunk had proved packed with unremembered things.

Furniture is less important

GRAND RAPIDS new job hunters had found, for example, that even before the war their metals industry gave three times as much employment as did the furniture companies; and that new peacetime plans call for some 30,000 metal working jobs as compared to a total 9,000 jobs in woodworking. The community's postwar job posse also found excellent expansion prospects in local food processing and distributing, paper and graphic arts, electrical instruments and specialty hardware; and equally good prospects in the service trades.

Chief among the latter was the opportunity open to Grand Rapids to capitalize on her "gateway" position with respect to northern Michigan tourist and resort area. So confident are local business men as to the potentialities of this resort business that a Grand Rapids soft drink bottler is adding 85 trucks to his resort country fleet, whereas he had 11 before the war.

But it was not simply that the local business leaders went out, made a survey, and lo, there were 19,000 new jobs all planned and ready. In fact, when local discussion of postwar plans first got under way there was much talk of a "war bubble" that would burst, come V-Day and back Grand Rapids would go to its state of "maturity."

"Look," said other bewailers, "we are a high skilled, high wage town stuck between mechanized Detroit on one hand, commercial Chicago on another, and with low southern wages cutting into our furniture market which we built up on quality workmanship—not price."

Workmen stay on a job

SO THE planners did look, but they also saw that their skilled labor was also a very high quality and stable labor. It was nothing to find scores of men who had worked for one firm for 30, 40—even 50 years.

"Suppose," they said, "our workmen do get high wages—we're in favor of that. Notice, for instance, that Grand Rapids has the third highest home ownership rating in the nation."

In a short time the planning boys got so interested and impressed with these healthy roots they found in their town that they began to talk about it publicly. Lear Corporation, a big Ohio radio-electronic manufacturer heard some of the talk about Grand Rapids' mature, stable, highly skilled labor.

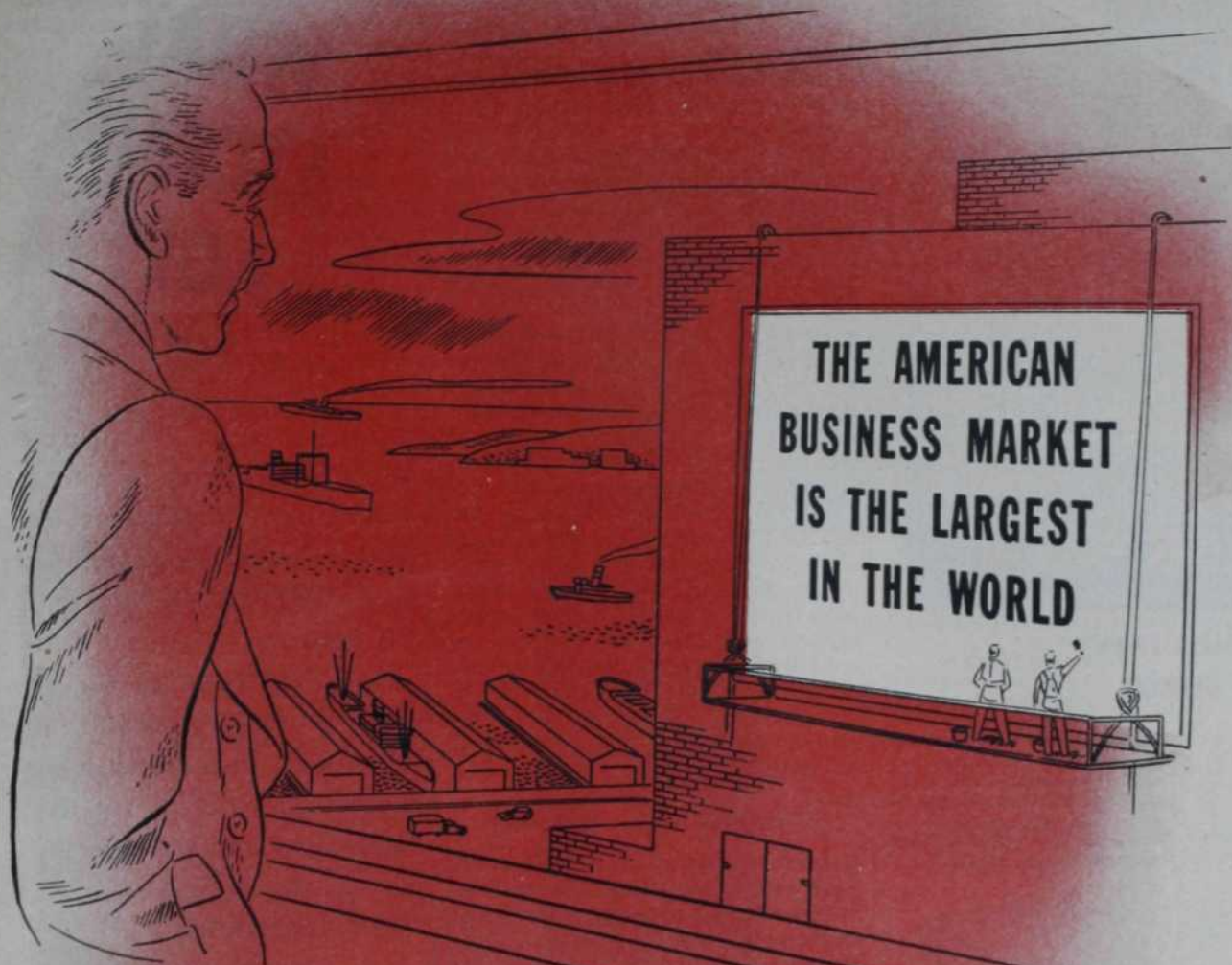
"This," said the Lear executives, "is what we're looking for."

After thorough investigation, Lear is moving—lamp, tube and dial—to Grand Rapids.

Expansion plans are made

GENERAL Motors, quick to appreciate the value of a healthy labor area, and one showing signs of business leadership, announced plans for a big postwar diesel plant in Grand Rapids. Nash-Kelvinator, heeding what Grand Rapids had to offer as a plant city, recently announced it would spend \$2,500,000 on its Grand Rapids plant. Up to the time that the town's Chamber of Commerce and its CED group started coming up with their inventory of community assets there was much talk that Nash-Kelvinator would pull out of town altogether.

Now, after three years of this fact-finding and fact-selling work, the local planning committee reports that half of their new peacetime metals working jobs will come from brand new industries which were started through local stimulation, or which moved in from outside during the war. To add still more to their list of new employers, the Chamber has set up a Business



*You can sell the men
who control this market by using*



FORTUNE	188,918
BUSINESS WEEK	126,246
U. S. NEWS	204,927
NATION'S BUSINESS	456,640
Total	976,731

Nation's Business

WASHINGTON, D. C.

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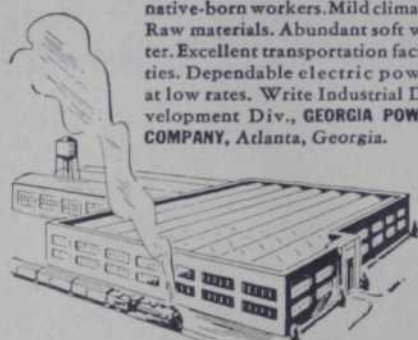
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Service Committee to provide technical, legal, financial, accounting, sales and other advisory services for small and new enterprisers who cannot afford such special services on their own.

Experts from larger companies provide such assistance on a "clinic" basis.

When asked how they had kindled such an enthusiasm for local business planning, one Grand Rapids job-maker replied, "we simply took some well seasoned opportunities and rubbed briskly with a little ingenuity."

He illustrated this special brand of ingenuity by reporting the instance of a 59-year-old Grand Rapids industrialist who, on taking over a company completely strange to his former experience, found he needed a special piece of machinery. No such machine was available, so he simply bought some old second-hand pipe from a Texas oil well, took the ball bearings from two dozen pairs of roller skates, adapted some electric eye controls, and made the needed machine right on the spot. It increased production 600 per cent and created some 300 new jobs in his plant.

Cooperation for progress

A LOT of this same new spirit of enterprise was visible as well as audible this January as workmen hammered and sawed, plastered and painted to convert an empty building opposite the civic auditorium into a new furniture exhibition palace.

Behind the scenes was a lot of fast cooperation among the City Commission, the Chamber of Commerce and local business men to make the project a reality in time to exhibit Grand Rapids first new peacetime lines of furniture and related products.

But over and above their new industrial activity, the Grand Rapids planners cite their program for local commercial enterprise. When it became evident that postwar industrial pay rolls were going to be far higher than prewar, this was used as a financial hot foot to get the Main Street (and side street) merchants to start planning necessary store modernization and expansion to convert some of these new pay rolls into greater retail sales. In the midst of the downtown shopping center an old factory building has been converted into a huge indoor parking area for customers. Merchants on a nearby block are studying the practicability of equalizing their roof levels to form a contiguous



DID WAR hurry us into the atomic age? Does science ever advance under the drive of war? C. F. KETTERING says flatly: "It does not."

MR. KETTERING, vice-president of General Motors and director of its research laboratories, will write, in his forthright fashion, about this question in the April issue of **NATION'S BUSINESS**.

Do you want to know what stands in the way of immediate industrial use of atomic energy? What the prospects are for a jet propelled automobile?

Why the diesel motor, invented in 1892, has just come into general use for railroad power?

MR. KETTERING answers these questions and others. Make a note now to read his article in the April issue.

Nation's Business

WASHINGTON, D. C.

overhead parking area. But just as this local self-help job planning started with industry and spread to commerce, so that contagion has also spread into civic and social fields in Grand Rapids.

Getting industrial sites

THE City Government, stirring on its pivots after years of tax delinquencies, began to dispose of scattered properties in one place to buy added parcels elsewhere and put together large areas suitable for new industrial sites. An extensive new system of express streets, limited access highways, overpasses and other traffic needs has been mapped. In the process, the city engineer and other planners in City Hall have become better acquainted with the business men planners and each group is finding the other has more on the ball than would have been admitted before they both got interested in the common objective of a revitalized Grand Rapids.

Better still is the fact that the townspeople themselves are now in on the deal through an organization called *Grand Rapids Metropolitan Planning Association*. The wall chart in the headquarters office of this organization looks like a cross between a bureaucrat's nightmare and a traffic flow chart made at Times Square during a rush hour.

It has every organization on it from the CIO to the Camp Fire Girls, but that's exactly the idea—to give *everybody* a stake in community planning and to give the whole program a "neighborhood interest."

Seeking facts for growth

WITH a \$100,000 five year budget to be subscribed by industry, plus \$1.00 memberships for individual citizens, the organization considers that any program which will add to community well-being is its fair game.

At the core is a research group to get the facts—just as the original business fact finders checked up on Grand Rapids' stable labor force—and the rest of the organization carries those facts to the people who can use them to make Grand Rapids a better place in which to live and work.

They may be the kind of facts turned out by the Council of Social Agencies on child delinquency, crime and substandard living conditions.

This made good subject matter to come before a series of Home

Precision in Workmanship



Crest of the Clockmakers' Company, on clock above, Circa 1685, fashioned by Edward East.

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As outstanding skill in clockmaking was recognized, centuries ago, by this motto, so today outstanding ability in papermaking, as exemplified by

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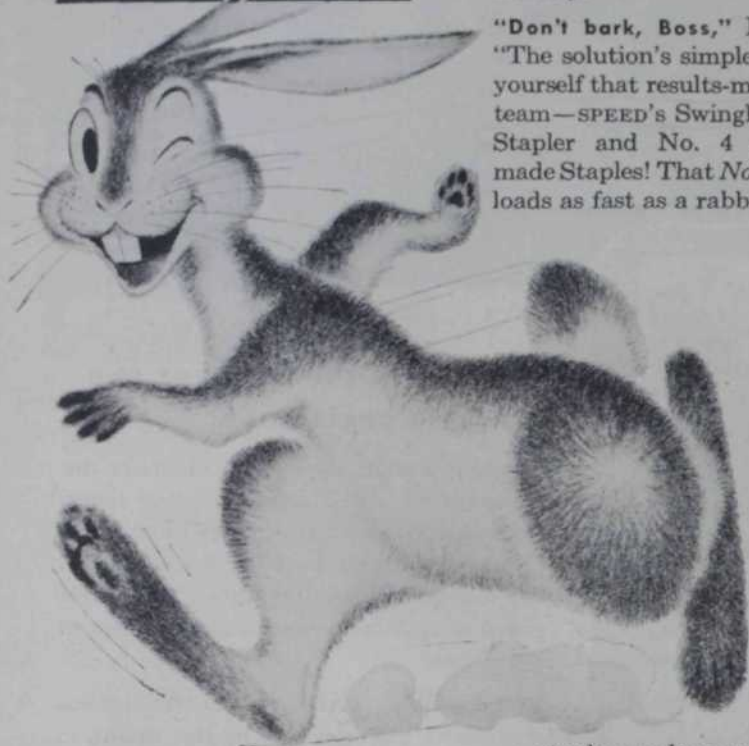
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"The Boss sent for a Multiplier!"



"Quite a patch you've got here, Boss," I sez as I hop into his private office. "What's stewin'?"

"Cut the cabbage," he snaps, "and lettuce get started. I sent for you because I need some *multi-*plying around here—multi-*ply*ing the hours in the day, multi-*ply*ing my all-around office efficiency."

"Don't bark, Boss," I soothe. "The solution's simple. Just get yourself that results-multiplying team—SPEED's Swingline No. 4 Stapler and No. 4 precision-made Staples! That No. 4 Stapler loads as fast as a rabbit can run

... staples as clean as a hound's tooth . . . that No. 4 Staple is made 100% round, uniform—no clogging or jamming. Together, they give you speed aplenty!"

"Thanks!" grins the Boss. "That's it! Plenty of SPEED is what I need!"

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NO. 4 STAPLER AND STAPLES

WORLD'S SPEEDIEST STAPLING TEAM

Builders' Institutes, held to acquaint citizens with the need for and the means of providing more and better residential facilities.

When the end of the war confronted Grand Rapids, as every other community, with the problem of handling returning veterans, it looked for a time like 115 different organizations might try separately to "do something for G. I. Joe."

Cooperation for veterans

BUT when it became apparent that here was another *community* program, they have all settled down to a cooperative approach which channels their contribution of funds and talent into one Veterans' Advisory Center.

In the decade of the '30's, Grand Rapids' young people were leaving the town in droves.

Today many of the young women Grand Rapidsians belong to "Horizon Clubs" which are part of the Camp Fire Girls. The author asked a besweated school girl if he could listen in on a Horizon Club meeting. "Sure, Mister," was the reply. "Latch onto a chair. Tonight we're going to beat our gums about jobs and stuff."

If the moral to a story can be couched in such terms, 19,000 new jobs in a town is stuff worth beating one's gums about.

A Break into Big Business

WAYNE J. SHELDON, Buffalo, N. Y., aviation pilot, promoter and plant executive, tells how Glenn Curtiss was launched into big business by Winston Churchill.

At the start of World War I, Curtiss had just introduced his improved Jenny plane. Churchill, then First Lord of the Admiralty, ordered "as many of them as you can build."

Caring little for money and not too eager to fill the order, Curtiss hesitated, advancing the excuse that his small firm could not finance big-scale wartime production.

Churchill is said to have cabled back to him: "How much do you need?"

To halt further negotiations, Curtiss set a high figure. He cabled back: "75,000," leaving out the dollar sign to save on cable tolls. Without replying, Churchill sent 85,000 pounds, then amounting to \$324,000.

—JOHN WINTERS FLEMING

Reading for Pleasure or Profit...

"How to Start Your Own Business"

By Walter F. Shaw and E. W. Kay

ALMOST everyone has a young friend just out of the service who wants to start a business of his own. Call this book to his attention. "How to Start Your Own Business" should be useful, too, for veteran-counseling committees, set up by business men in many towns to help ex-servicemen get reestablished.

In a country where, before the war, 400,000 new businesses were opened every year, a book like this can be of permanent value in preventing early failures and, generally, making the distributive process more efficient. The authors, Walter F. Shaw and E. W. Kay, business counsellors of long experience, reduce what used to be guesswork to an art, and outline systematic plans for starting small enterprises of every kind.

Their advice is conservative. They warn against a shoestring capital. They warn against over-specialization. They warn against the dangerous and over-exploited markets of big cities. The safest, soundest small business now, they would say, is an all-purpose store in a small town.

"How to Start Your Own Business" is a mine of practical information. Would-be retailers, before choosing their line, should consult the table showing which trades realized the greatest profit during the last prewar year. They might consult, too, the chart which shows what the proportions should be—given the size of the store—among all kinds of expenses—rent, advertising, bad debt losses and the rest.

Getting down to brass tacks from the first page, this book outlines every step in opening a new business. There are chapters on how to choose a location, what equipment to buy first, what free services to offer, when to extend credit and when not—all the important things. "How to Start Your Own Business" (Ziff-Davis Co., 540 N. Michigan Ave., Chicago, \$2.00) should save many an infant enterprise from disaster.

"Gumbo Ya-ya"

Edited by Lyle Saxon, Robert Tallant and Edward Dreyer

IF YOU can't get to New Orleans this month of Mardi Gras, read "Gumbo Ya-ya," which offers the same amusements with none of that morning-after feeling. No book, probably, can equal the gay delirium of New Orleans' first postwar celebration, but "Gumbo Ya-ya" does exceedingly well.

The title is Creole for "everybody talks at once." And in these noisy pages the wild laughter of Mardi Gras mingles with roaring boasts of Mississippi boat-

men, with tinkling music from New Orleans fancy houses and early jazz in the Hot Papa Café, with refined French conversation from the Creole quarter, screams of tortured slaves and voodoo chants. "Gumbo Ya-ya" (Houghton Mifflin Co., 2 Park St., Boston, \$5.00) is a more-than-colorful medley of New Orleans history and folklore.

It describes a unique town, kept that way by descendants of its first aristocratic settlers, who resisted all change for 150 years. These Creoles, as they came to be called when Spanish and French blood mingled in a new strain, preserved and exaggerated their Parisian culture, as a defense against the outside world. They carried old aristocratic customs to fantastic lengths. Duels, for example, littered the town with corpses, and the French gentleman's habit of keeping mistresses became a social requirement, with notorious "quadroon balls" held once a year to introduce gay blades to their paramours.

Mardi Gras was another old custom brought from France. As the "fat Tuesday" before Lent, it had been for centuries a climax of the original "carnival" (from the Latin *carne vale*, meaning "farewell, flesh"). "Carnival" was a time in which good Christians were allowed to work off their pagan desires, before saying farewell to the flesh for Lent. The Creoles preserved this ancient ritual in New Orleans, and modern Americans, finding it fun, have kept it up.

The Creole love of tradition influenced New Orleans Negroes to keep their African heritage. Voodoo maintained its satanic power in the Crescent City, and gives its character even today to the Negro Mardi Gras—as that is described in "Gumbo Ya-ya's" first astounding chapter, called "Kings, Baby Dolls, Zulus and Queens."

"Dilemma in Japan"

By Andrew Roth

"DILEMMA IN JAPAN" is must reading for those interested in our policies—and their possible consequences—in the Pacific. Here Andrew Roth presents brilliantly the issues involved.

Unlike former Ambassador Grew, who regards the Japanese "moderates" as essentially peace-loving, Roth maintains that these spokesmen of Japanese big business, many of them still unmolested in Tokyo, are essentially no less nationalistic and aggressive than the militarists. At first, the two parties differed on the best way to achieve Japanese empire, moderates believing in economic penetration, militarists in war. Later the *zaibatsu* men, with cold calculation, used the threat of action by the army, which

they pretended to oppose, to extort concessions from the western powers.

Roth traces their secret policies in detail, and describes how, in his opinion, Americans were hoodwinked by *zaibatsu* tricks. Many are not yet disabused, he says; many still think that we can do business with Jap business men. Our present emphasis, he says, is too much on rendering Japan *impotent* to make war, by destroying her army and navy and executing a few militarist leaders—too little on making her no longer *want* war, by destroying the *zaibatsu*, whose conduct of the economic life will make another war inevitable.

This author's work has been sponsored by the Institute of Pacific Relations. Whether or not the reader accepts his analysis, "Dilemma in Japan" (Little, Brown and Co., 34 Beacon St., Boston, \$2.50) is the best formulation of one side in a hotly contested issue.

"The Bedside Book of Famous French Stories"

Edited by B. Becker and R. N. Linscott

DESPITE the title, this book is not in a class with feeble pictures. Only here and there does that peep-show mentality Paris never quite overcame color these tempting tales.

The "Bedside Book of Famous French Stories" is entertaining, as only the world's best story-tellers know how to be. The spell-binding brilliance of Balzac, Flaubert, Zola, de Maupassant, Anatole France and many others radiates from this jewel of a collection.

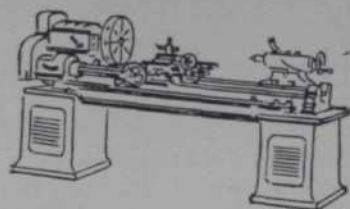
You will enjoy especially, in the "Bedside Book," a number of stories which are the first and the best of their particular kind. In "One of Cleopatra's Nights," for example, Gautier began a whole tradition of modern romance, continued by Pierre Louys in "Aphrodite" and carried on today in the gaudy seductiveness of technicolor Bagdads. This tale created the rich and sensual Egyptian court, that whole society organized on the pleasure-principle, which we still find delightful to imagine.

Again, in "The Venus of Ille," Prosper Mérimée invented a kind of story which now appears by the thousand in magazines like *Weird Tales*: the story of vengeful pagan deities erupting from shadowy worlds into today. The Venus of Ille was a six-foot brass statue, discovered and dug up by an archeologist. This gentleman's son was about to marry, but, in ways you will discover, the brass Venus herself became the fatal partner of his bed—taking her grim revenge on one who would marry for money and trivialize the rites of love.

You will like, too, the more serious and modern tales in this collection, those dealing with the war. Read, particularly, André Malraux's "Tank Trap," perhaps World War II's most eloquent description of combat experience.

Out of 23 tales in the "Bedside Book" (Random House, 20 E. 57th St., New York, \$3.00) this reviewer found only one which it was possible to put down without finishing. Do not place the volume on your bedside table; it will keep you reading far too late into the night.

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Aside Lines



By CHARLES W. LAWRENCE

ABOUT 12,000,000 lucky Americans will pay no income taxes this month. The rest of us, however, will follow March out like lambs.

★ ★ ★

THE Register of Patents is offering specifications for an efficient back washing device. Before hopes are raised too high, it should be pointed out that the invention will not sweep, cook or wash the dishes.

★ ★ ★

It is to be hoped that the Sun Oil Co. will make it clear that its purpose in producing Carbon 13 is to expand the scope of medical science and not that of government questionnaires.

★ ★ ★

TECHNOLOGICAL developments have brought the farmer keen competition from unexpected quarters. The radio crooner, for instance, has become one of the most successful producers of sweet corn.

★ ★ ★

AUTOMOTIVE designers indicate that in time our cars will have room for couches, lounging chairs and tables. We can hardly wait for the day of the back room driver.

★ ★ ★

THE news that long distance telephone dialing is right around the corner will please practically everyone but some of our congressmen. The latter are not looking forward to the day when it will be easy for all their constituents to get their number.

★ ★ ★

CITIES all over the country report a big increase in marriage licenses. A large number of young men, it seems, have come home to those persons it would be so nice to.

★ ★ ★

THE U. S. vacation industry is looking forward to one of the biggest summers in its history. Millions of Americans with wartime savings in pocket are planning to get away



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to rest up from long hours on the picket lines.

★ ★ ★

EXPERIMENTS are being made with the addition of resin to paper to give it more strength when wet. We suggest, however, that one more effort be made to induce the paper boy not to leave the morning edition directly under the eaves.

★ ★ ★

A LARGE share of the life insurance companies have decided to accept intercontinental air travel as a standard risk. While flying over the ocean, a person is not being run down by automobiles or nineteenth holes.

★ ★ ★

ONE of the new postwar products is to be a non-shrinkable rayon. Shirts made of this material will be safe from practically all cleaning processes excepting those of the Internal Revenue Bureau.

★ ★ ★

DESIGNERS are working on a number of improvements in taxicabs but have not yet reached perfection. Yet to be invented is a cab which does not become invisible the moment it starts to rain.

★ ★ ★

RECENTLY issued figures show that U. S. exports declined radically in the latter part of 1945. It is thought that this might have been due to reduction in the delivery of scrap metals to various European and Asiatic industrial centers.

★ ★ ★

SERIOUS efforts should be made to overcome the glass shortage. The nation is threatened with having nothing to look through darkly.

★ ★ ★

It remains to be seen whether 1946 will be marked chiefly by the production of durable goods or unendurable conditions.

★ ★ ★

News that full-scale furniture production is still a long way off comes as a blow to the progressive education movement. It will be months before our self-expressing youngsters can resume hacking at new table legs.

★ ★ ★

UNITED Wallpaper, Inc., has come out with a wall covering from which soap and water will remove almost any mark. It is not recommended, however, for the walls of statesmen who already find it difficult to see the handwriting.



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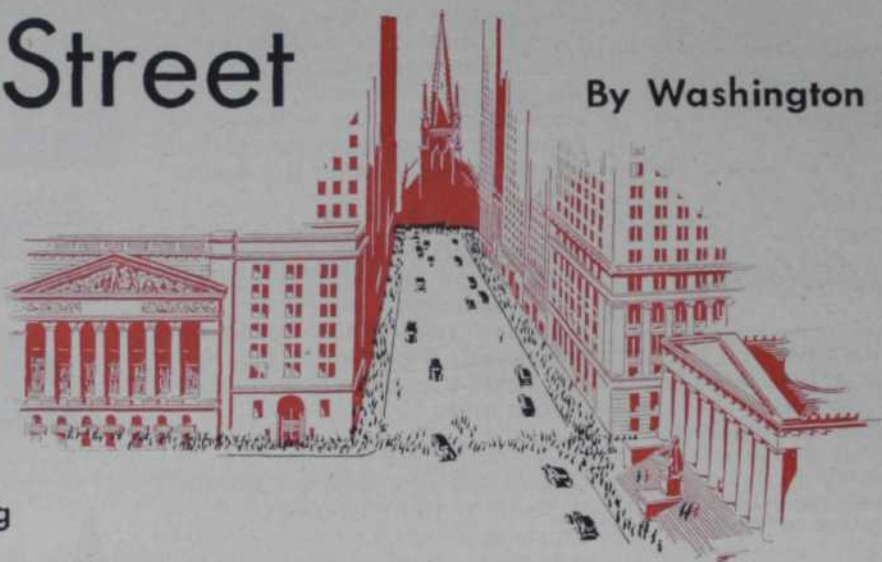
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Our Street

By Washington Dodge



Bull market warning

IT IS much more difficult to recede from a scale of expenditure once adopted than it is to extend the accustomed scale in response to an accession of wealth."—Veblen's *The Theory of the Leisure Class.*

★ ★ ★ ★ ★

As others see us

WHEN brokers dine together the conversation is not always just of stocks or sporting events. Frequently we merry-andrews of the financial world will regale each other with tales of antic customers. An ancient lore prescribes the pattern and moral of the customer story. First of all the customer is never called by name. Instead, tags are used: "An old gent who made some money selling short in 1921 and has been a bear ever since," or "This dowager who once wouldn't buy International Nickel because her father had warned her against mining ventures."

Second, the tale must aptly demonstrate how the customer would certainly have made a large profit except for some carelessness, greed, sloth, stupidity, or plain pestiferousness on his part. Many persons who blame lack of stock market success on Bad Luck or Bad Broker are, alas, merely victims of their own personalities.

The qualities most disastrous to successful investment and speculation are fear and greed. In addition, the following personalities have little success:

1. The Master Mind—He readily accedes to recommendations but, although he prides himself on never having watched a ticker, he gives the broker no discretion at

all. He always tries to buy a little below the bid price and to sell a little above the offering. Any one trade, and few are completed, demands a dozen calls and price changes. When volume runs above 1,000,000 shares, Mr. Master Mind may well wonder why so few brokers telephone him.

2. The Ingrate—When this species of customer makes a profit on his broker's recommendation he never thinks of thanking him. Instead he viciously retaliates with tales of much greater profits acquaintances have made.

"Why did you pick on Douglas?" he'll moan. "My friends bought Lockheed and made twice as much. Next time I'll do my own selecting." P.S. He will.

3. The Pest—This chatty soul is usually a "club man," or has a sinecure in his family's business. Or he may like to sound important to his secretary. He asks for dozens of special analyses but never acts on one. Sometimes, in the course of his interminable monologues, he forgets himself and mentions trades done through other firms. He presumes the big order he gave in 1937 when his grandmother died has hired the services of the entire firm for all eternity. When, five minutes before the opening, customers are being telephoned on an almost sure-fire situation, he is allowed to slumber.

4. Mr. Big—He has "Important Connections." He makes it clear that any contacts the broker may have developed over the past quarter of a century are obviously inferior and worthless. When a

recommendation is made he is likely to reply, "I'll find out from headquarters and call you back."

He likes to give his broker mysterious tips, "Buy yourself Reo, my boy. I can't tell you why but it's straight from the horse's mouth." He demands special treatment, will talk only to the senior partner and is sorely hurt if all the sources of confidential information are not freely disclosed and discussed.

5. The Confused—When things go right he always takes full credit. "I was smart buying that Chrysler when I did," he will tell a broker who spent several weeks preparing an analysis on Chrysler and several minutes urging its purchase. When things go wrong he is always full of ripe innocence. "I know you told me to sell Chrysler. But why didn't you make me do it? I thought you just had a hunch. Or needed another commission."

This personality has great respect for the word "sure." In the course of conversation he will murmur repeatedly, "But are you sure?" The broker, who was reasonably sure before the conversation, ends up depressed over the lack of sureness in his business.

6. The Business Man—"If things weren't so busy up on Worth Street I'd like to take time out and show you how to run this shop," he is likely to say after visiting the office. "How much do you pay that girl over there? What does she do? What's your rent? I'd go crazy if my office was run like yours."

7. The Agonizer—Some people are never happy—win, lose, or draw. There is a type that always



"What holds good men?"

Almost every good man is now and then offered a job with a different company, at more money.

Rarely, if ever, does his decision to stay or go depend on money alone.

He compares the advantages each company offers. He considers his chances for advancement. He weighs the comparative guarantee of security for himself and his family, just as you would in similar circumstances.

This is one of the gains in having a sound pension plan. The possibility of advancement through the retirement of older employees and the guarantee of a comfortable retirement in later years are many times just the additional factors which hold good men in an organization and which attract good men to it.

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INDUSTRIAL FACTS ABOUT TENNESSEE

Labor

The average Tennessee industrial worker looks about the same as other Americans of the same economic strata. He has the same ambitions and the same desires for self-improvement but he knows that his success can come only from his own efforts. He speaks the same language, if with a soft accent and local idiom, and at first glance you wouldn't notice any difference between him and industrial workers of other sections. But there are a few basic differences that have proven profitable to management.

The Tennessee worker is principally of pioneer stock; consequently, his being is still deeply rooted in the soil. The chances are he owns a small farm near town, or his home with garden and chickens, and very often a cow. He is a citizen of, and has an interest in the community where he works. He is an individualist not easily swayed by demagogic oratory or utopian promises.

In Tennessee, the worker has room to live, room to work and room to play—and he enjoys all three to the fullest. He does not have the cramped, futile feeling possessed by so many workers in the more congested areas.

Being of pioneer stock, the Tennessee worker has not forgotten man's oldest lesson—that he must live by the work of his hands. The heritage of craftsmen ancestors give to his hands a native skill that makes him efficient in the most intricate operations. This native skill makes for efficiency in manufacturing or assembly. He has retained the early craftsman's pride of his work—in the perfection he has put into the finished article. This pride insures a better manufactured product. His inherent belief in religion, based on the Golden Rule, makes for smoother industrial relations.

Detailed information on labor, as well as all other industrial resources in Tennessee, are treated in a big, 210-page general survey: "Industrial Resources in Tennessee." That will be mailed free to executives and industrial engineers. Dictate a request today—on your business stationery, please.

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is in agony over commissions, as if they are the broker's own idea of how much he can get away with and as if they are a net profit.

"I only made \$100 and you took \$25 of it. I should write the SEC." This type is also never happy over an execution unless it is at the exact high or low. He insinuates that anything less is a sign of either remarkable professional ignorance or gross negligence.

8. The Scoffer—When the broker calls the Scoffer to suggest that a certain stock will move he laughs and tells of the many losses he has had in that same stock. He ridicules the broker's reasoning and says it could apply to a dozen stocks. He suggests the possibility that the management is unloading upon the gullible broker. He gives the broker a hundred share order as if he were handing a dime for some coffee ("Even so, I might as well buy 100. I haven't given you any business lately") and the broker becomes so unnerved he sells his own stock just before the rises he had anticipated begin.

Next month we will discuss the ideal broker-customer relationship.

★ ★ ★ ★ ★

Men at work

IN THE past we have discussed the New York Society of Security Analysts and the New York Institute of Finance. The purpose was to show the serious approach to investment study which is now the accepted practice of responsible people who handle other people's money. This month we consider the Association of Stock Exchange Firms, not because any reader will ever feel its influence directly but to show the workings of Our Street not generally available to the public.

About 460 brokerage houses belong to ASEF, which is thought to represent a heavy majority of those in a position to utilize the benefits of membership. President Wymond Cabell (Branch Cabell & Co., Richmond, Va.) has spoken of the Association as "a forum and sounding board for informed membership opinion with respect to our many problems, and to present such problems, when formulated, to the New York Stock Exchange and its Board for their consideration and final determination."

Although some critics of the Association have said that it is trying to usurp functions properly belonging to the Exchange, ASEF was revitalized in 1941 at the request

of Exchange President Emil Schram, and Mr. Cabell has said, "There is, of course, no question of dual authority, because there is but one final authority (aside from our friends in Philadelphia) where the Exchange is concerned, and that rests in the hands of its own Board of Governors."

ASEF's 1945 report showed 31 Governors apart from President Cabell, of whom 17 represented houses whose main office is not in New York City. One of its purposes is to make New York more familiar with the problems of out-of-town firms and branches, and to make them thoroughly familiar with floor details. A list of some of ASEF's committees gives a picture of what it does:

Back Office Committee—(typical problem: acceptance of bank signatures without member firm's guarantee);

Bond Committee—(how to get more bond business back to the Exchange away from "over-the-counter");

Employee Relations Committee—(ASEF has made group insurance obtainable);

Public Relations Committee—(national speaking activities, 28 suggested advertisements with free mats, etc.).

New committees include those on *Veteran Placement & Training* and *Foreign Business*.

Thus functions what may be thought of as the Trade Association of member firms, an odd association, perhaps, in that it functions as an adjunct to the Exchange, which is itself an association of members.

Two other groups which help smooth the functioning of the securities business are the Investment Bankers Association, and the National Association of Securities Dealers, the latter an object of much discussion because of its government-granted authority.

★ ★ ★ ★ ★

North o' The Border

LAST month we made some unpleasant comments about the manner in which cheap Canadian mining shares are being promoted. Come charges that the writer is an ignoramus, unaware of the senior fortunes made by early buyers of the senior golds and the junior fortunes made in the junior golds. No ignoramus I, nor a crusader bent on magnifying the dangers and micrifying the potentialities. Merely one who has observed that from such little acorns grow very few Sir Harry Oakes.

About Our Authors

S. Burton Heath: now tax specialist for the Newspaper Enterprise Association, has been in newspaper work almost continuously since he started as apprentice printer on the Bradford (Vermont) *Opinion*, except brief time out to manage a couple of political campaigns and advise on publicity for others. In 1939 he won the Pulitzer Prize for his investigations which led to the resignation and conviction of Judge Manton, Second Court of Appeals, New York. He is the author of one book, "Yankee Reporter," published in 1940.

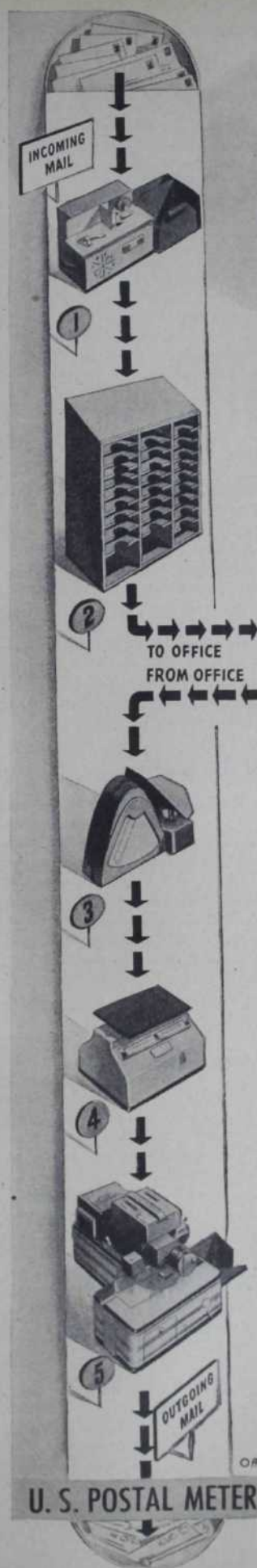
Edward Keating: is well qualified to discuss what would happen if this country followed Britain's lead in electing a Labor government. Since 1919, he has been editor and manager of *Labor*, official weekly newspaper of 15 railroad labor organizations. Previously, he served three terms in Congress, was City Auditor for Denver, and worked on and owned newspapers in Colorado.

Richard R. Deupree: President of Procter & Gamble Co. since 1930, has been prominent in the news recently as chairman of the Conference for Safeguarding Wartime Savings, joined the company in 1905. He is Chairman of the Board of Hewitt Soap Co., Inc., and Thomas Hedley & Co., Ltd.; and president of the Buckeye Cotton Oil Co. This article is based on an address before the American Management Association.

Herbert Bratter: makes financial and monetary matters a specialty. Seven years with the Departments of Commerce and Treasury, plus many years of travel as a correspondent in both hemispheres. Mr. Bratter, contributor to many nationally known magazines, is the Washington correspondent of *Commercial and Financial Chronicle* and *Banking* magazine.

Edwin Ware Hullinger: who has had nine years' experience as a correspondent covering every country of Europe, was assigned to United Press' London Bureau during World War I. For a time he served as chief of UP's Moscow Bureau and later headed the Mediterranean Bureau of the New York Times feature service.

In this country Mr. Hullinger has been a publicity director, radio producer, motion picture producer and distributor, as well as government liaison officer in the Department of Agriculture. He is the author of several books, "The Reforging of Russia," "The New Fascist State." During the war he was an assistant director of FCC's Foreign Broadcast Service.



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The brighter side of man

HARLEY M. KILGORE—(D., Senator, W. Va.) good looking, silvery haired, brisk, an ace lawyer, gives humanity the benefit of the doubt. He thinks most of us mean well but our beams get crossed. We quarrel all the harder over little things because we are so sure we were originally right. The global and domestic cat-scratching of the past few months is offered in support of this theory. A difference becomes a quarrel. Yet if both disputants were to sit down separately—Senator Kilgore did not make this suggestion, it is offered gratuitously—in a nice, old-fashioned beer saloon with sawdust on the floor and smelling of cheese and liverwurst and get the heat out of the blood an understanding could be reached. Distilled liquors are not recommended as aids. A period of silence is also helpful.

The six old men

IN SUPPORT of this theory the story of the six old men may be cited. They had adjoining farms in West Virginia, they had been the best of friends all their lives, their wives swapped recipes, and now and then the six old gentlemen got together to knock off a little corn that had been aged in a charred



keg behind the kitchen stove. One day the six unhooked the muzzle loading rifles from over the mantels, where their great-grandfathers had first hung them, and started for the turkey shoot in town. Friendly as pups in a basket. Animated by a single and almost sacred motive, which was to knock off the heads of enough turkeys to provide a neighborhood feast.

That isn't an easy feat. A turkey tied by the feet has a malign intelligence. He keeps a little red eye fixed on the rifleman and bobs his silly head just in time to miss the bullet. The six old gentlemen shot with varying fortunes. There was some badly timed advice and a little laughter. That was 20 years ago and social relations in the valley are not even yet what they should be.

Yet—mark the moral—not only did the six old men mean well but they meant the same thing.

Just a wishful thought

IN SPITE of previous rumor, the resignation of Secretary Ickes surprised many people. It seemed reasonably cer-

tain that Ickes would stay with the Interior Department as long as President Truman was in the White House. He seemed to like it, his power was expanding continually, and he had the President's full support because Interior was the one department of government that never came to Mr. Truman with a whimper.

The further rumor that Mr. Ickes might take over the leadership of PAC offers the prospect of much popular happiness. The spectacle of the acid Mr. Ickes reducing Sidney Hillman to his original elements or savaging Philip Murray would bring sunshine into the lives of many men who feel they have been living under rocks.

(Note: In the event that such a contest could be brought off, the congressional money would be on Ickes. It is pitiful the way he handles the congressional committees that now and then try to question him.)

A vision of the night

ICKES was spied at a recent embassy party. He sat determinedly on a chair in the corner of the great room farthest distant from the beauty and chivalry. He was all alone. He looked down his nose. The story that he is not allergic to lovely womanhood got no support that night, for pretty women equipped with curves and laces sheered off the moment they hit the edge of his aura. He drank no drink. By and by he went home.

Secret as a church wedding

FORMER members of the O.S.S.—General Wild Bill Donovan's Cloak and Dagger secret service that was never appreciated until it was disbanded—take the dimmest possible view of the Intelligence Service that has been set up by executive order. They speak of it as the Truman Culture and Spats



club. It is to be shared around between several government departments—which can't be done; they never yet have shared peaceably—authority and purposes are divided, and no one seems quite certain whether the new group's main business is to find out what the rest of the world is up to or patch up the holes left by our mistakes in our relations with other peoples. They think they see clearly that one thing the new organization will try to do is to control publicity. This is predicated on the

known preference for secrecy of some of the leaders in all matters affecting international relations.

So far they have had things pretty much their own way.

British are the best

THESE reflections merely demonstrate the confusion of thought in our Government. Our boss men did not know what they wanted. So they compromised on taking a little bit of this and a little bit of that. If they had really wanted a secret service—one which could get the information on which our national safety may depend at some time in the future—it could have been modelled on the British plan. It is absolutely secret. No outsider knows anything whatever about it.

It is so successful that until Donovan got his O.S.S. in operation—he was aided by the popular misunderstanding of what he was trying to do—most of the inside stuff our Government had come from the British. Even after Donovan was running full speed the Britons continually helped him.

Truman doesn't stay licked

THE SENATOR doesn't like President Truman. He is on the other side of the political fence. He thinks Mr. Truman sounds off without considering what the echo may be. He thinks that a good many of the Presidential advisers could be housed in an ordinary bee hive. The Senator says the recent presidential budget turned green when exposed to the light. But he tries to be fair about the President:

"He's going to take an awful lot of licking," he said.

Mr. Truman inherited all the bad luck his predecessor dodged. He is expected to make good on promises that may never have been made. Some that were made would not have been respected. In President Roosevelt's last six months he often changed decisions on important matters half a dozen times a day. His intimates—so it is said—waited for the pointer to come round to them and then acted before it could be reversed. No one, said the Senator, will ever know what a mess Truman inherited.

"You've got to realize one thing. Truman has always stumbled a good deal in politics. But he keeps on coming. He's twice the man he was when he was a Senator. And he hasn't made nearly as many mistakes as you'd think if you listen to the commentators on the laxative circuits."



Wallace is being shorn

AFTER 12 years of abuse and neglect the Department of Commerce is looking up. Under Herbert Hoover it was immensely successful. That may have been the reason why President Roosevelt so consistently gave it the toe of his boot, because it is no secret that he liked nothing that might reflect credit

on his predecessor. In those days Secretary Wallace joined merrily in the sport. He didn't like business men either and if he had got hold of Commerce he would have made more of a mess of it.

Now, under the same Wallace, it is being repainted, re-tiled, and generally made over into what promises to be a most useful department of the Government.

Veteran employees have their explanation. They think that, under Roosevelt, Wallace was just another enthusiast, singing the *Gott Strafe* Business hymn. Now he is touching elbows with men who really understand business and his ideas have undergone a complete change. They have also a secondary explanation.

"No man," they say, "who tries to get in the road of American business would have a Chinaman's chance in politics."

Don't believe it now, but there is a story afloat that Wallace might return to the Republican party. He'd be one vote, anyhow.

Just call him Spool

THOSE who meet Spruille Braden for the first time—you will remember him; Undersecretary of State; convinced that even in international affairs it is possible to do all the shuffling on top of the table—come away with a vague feeling that they have seen him somewhere before. He has a broad, round, sallow face; his eyes are small, set widely apart, and his mouth is wide and thin lipped. He appears to be confident, friendly, but reserved. His body is thick but not fat and when seated his hands often rest on his stomach. Presently the suggestion comes to the first meeter:

Braden looks like those statues of Buddha one sees in curio stores. The same posture, much the same expression.

People who are finicky about pronunciation may be reassured. It would be possible to go foreign in pronouncing his first name, but on the authority of his office "every one calls him Spool."

A great day coming

THOSE who know Mr. Braden, or think they know him, which is often just as good, think the day will come when Braden and Sumner Welles will come to what is regarded as blows in diplomacy. Braden was born in Elkhorn, Mont., which even yet isn't in the World Almanac. The Almanac's list of towns in Montana stops at Whitefish, pop. 2,500. He was a miner at 18, an engineer at 20, he can handle himself in almost any game, he knows Latin Americans intimately, likes them and is liked by them—Welles has always slept on feathers and in silk sheets.

Welles is needling Mr. Braden because of his south of the line policies. He doesn't needle well.

Came home with the pelt

WHEN Reconversion Director Snyder first came to town no one suspected him to be something of a philosopher. He looked just like another banker. Since

he took office it has seemed there is an Indian behind every tree. More shots have been fired at OPA Chester Bowles, perhaps—he is a natural target if there ever were one—but Snyder has run second. Snyder seems to think this is nothing to worry about:

"I used to know an old lion hunter in the Bad Lands," said the Missourian. "He had a pack of all kinds of dogs, mostly noisy. He kept them in a kennel that looked like a corncrib and they kept warm by fighting each other. When he turned them loose on a hunt the first thing they did was to stand in a circle and yell at each other."

But, Mr. Snyder observed, the old man always came home with a good \$25 pelt.

Life on a whirlygig

"WE ARE" said the center man of the group in the cloak room of The House, "a queer people. Probably collectively nuts."

"That is nothing against us as a people. If we were not a trifle flighty we would be out of step with the times and most uninteresting."

Item, he said, mixing a few facts with his philosophy, our various attitudes toward every other country except Liberia are criticized by someone. Our best friends assure us of their love through clenched teeth. If we offer to look at the works of the watch before making a loan on it the customer says we are Shyllocks and face-grinders. The line of hopeful borrowers in front of the Export-Import Bank looks like the lines that used to pack the sidewalks for the early Westerns. If one nation seems likely to take us for a few billions several other nations begin to figure on waylaying the lucky one.

"It's a bit confusing," said the speaker, "seeing that our intentions are so good. But flattering. Our act is wonderful box office."

A dive into the past

IT REMINDED him of a story that Wade Ellis once told. Ellis is an Ohio man, was assistant attorney general in Harding's time, and now heads half an acre of lawyers in the Southern building.

"John R. Malloy and Harry M. Daugherty were engaged in political inquiry in the Neil House bar in Columbus, Ohio. Malloy had been secretary of the Republican national conventions for a generation because his voice made a public address system superfluous. Daugherty screamed like a catamount. A stranger to the habits of the Neil House bar said:

"Oh, for the lovva Mike."
"Mr. Malloy picked up the champagne cooler, reversed it, and clapped it down on the stranger's head. The ball caught under his chin and when he tried to call for help salt water and ice ran into his ears and down his throat.

"When he was finally extricated he picked up the cooler and socked the bartender with it."

Mr. Ellis does not think the story conveys a moral. He just thought he'd tell it.



This native of Bechuanaland is smoking tobacco in a sand pit. From an old print.—Bettmann Archives

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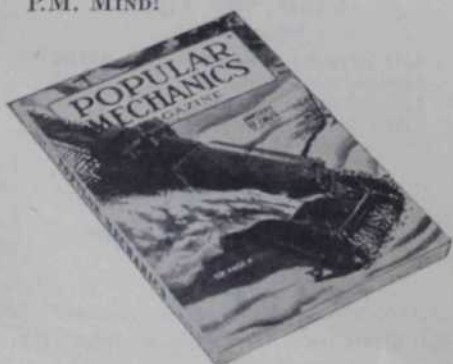


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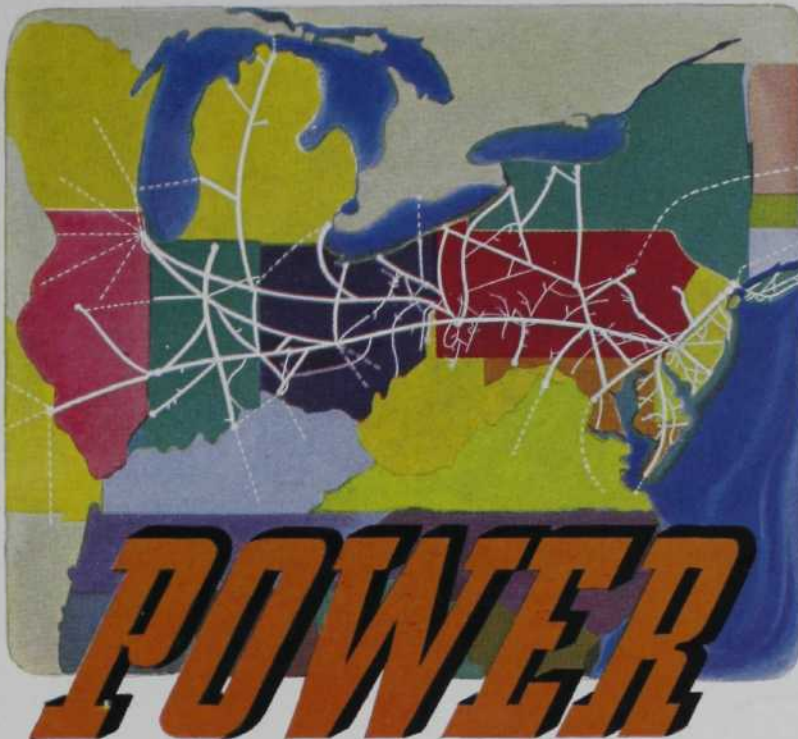
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